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INSURANCE
Liberalisation: a mouse that roared
Page 13

World News

Egypt and Syria restore diplomatic relations

Egypt and Syria restored full diplomatic relations, ending a 12-year estrangement and rekindling Israeli fears about joint Arab pressure in Middle East peace negotiations. The original break in relations was prompted by Syrian opposition to Egypt's rapprochement with Israel in the 1970s. Page 12

Airbus record year
Airbus Industrie, the four-nation European aircraft-making consortium, will finish the year with record sales and order books. Page 3

Cambodia links cut
Khmer Rouge guerrillas said they had cut Cambodian government supply routes to the north-west as fighting intensified three months after the Vietnamese troop withdrawal. Page 2

Singh keeps pledge
V.P. Singh, India's Prime Minister, has acted swiftly to fulfil his election campaign pledge to reopen investigations into defence and other contracts in which pay-offs were allegedly made by foreign companies. Page 2

Trade war talks
Nepal and India will meet next week in an attempt to settle a crisis in relations focused on a bitter trade war, officials said. Page 3

Florida juice crisis
A state of emergency has been declared in Florida after record low temperatures inflicted severe damage on more than half of Florida's orange juice crop. Page 12

Dubcek wins prize
Ousted Czechoslovak Communist party leader Alexander Dubcek has been chosen to receive the 1989 Andrei Sakharov Prize for defence of human rights.

Church welcome
Leading anti-apartheid churchmen welcomed an invitation by President F.W. de Klerk for talks on South Africa's political future.

Spain faces violence
Spain's leftwing guerrilla group Grapo claimed responsibility for wounding two Spanish army officers in gun attacks and vowed to intensify its campaign of violence.

Vietnam curbs press
Vietnam, staunchly resisting Eastern European-style reforms which could threaten Communist party rule, adopted a law reasserting strict control of the press.

Chad accuses Libya
Chad has accused Libya of blocking efforts to end their 15-year-old border conflict and of preparing new military action.

Famine misjudged
Ethiopia will need more than a million tonnes of food aid next year to escape famine, three times the government's original estimate, according to the UN Food and Agriculture Organisation.

Business Summary

Japan goes ahead with loan package for China

Japanese Government has restarted preparations for a $5.5bn soft loan package to China, delayed indefinitely following the crushing of the pro-democracy movement. Page 12

FAZ rise: Frankfurt surged 4 per cent as foreign investors went on an end-of-year share-hunt. The FAZ index, calculated at midsession, gained 18.29, or 2.6 per cent, to a year's peak of 724.26. World stock markets, Page 28

JAPAN'S current account surplus fell in November for the ninth consecutive month, according to figures released by the Ministry of Finance. Page 12

MAGNET, heavily indebted UK kitchen and do-it-yourself retailer, unveiled a financial restructuring. Page 13

Argentina's currency, the austral, fell 30.8 per cent against the dollar on Tuesday, increasing fears that the country's economy is again heading out of control. Page 2

BRAZIL'S Finance Minister, Mailson da Nobrega, was again attempting to calm nervous financial markets after worries over inflation sent gold and dollar prices rising. Page 2

AEROSPACE: French Government has awarded orders totalling FFr4.9bn ($830m) to Avions Marcel Dassault-Breguet, the jet-fighter manufacturer, to supply 34 aircraft and modernise up to 35. Page 3

DEUTSCHE Babcock, West German engineering company, looks likely to pass a dividend on ordinary shares this year due to difficulties in its plant construction division. Page 13

BRITISH Airways will re-establish air services with Argentina next month, following an intergovernmental agreement between London and Buenos Aires. Page 8

SNECMA, French state-controlled aircraft engine maker, expects to announce a substantial turnround to net earnings of up to FFr100m ($17m) this year, the first time it has made a profit since 1986. Page 3

HILTON Hotels' shares fell sharply on Wall Street responding to reports of disappointing bids for the Beverly Hills-based hotel and casino group, which put itself up for sale in August. Page 15

TRAVEL: Britain's leading travel agencies launched a post-Christmas price-cutting campaign in an attempt to boost sales of next summer's package holidays. Page 7

NORTH Sea oil: Disruptions in production will cut the UK's oil earnings in 1989 to the lowest level since 1980, it was claimed. Page 6

WATER: The UK's newly privatised water companies are expected to become significant users of sterling and international debt markets as they raise capital to fund their long-term investment programmes. Page 15

Washington and Bucharest try to track down the accounts of Noriega and Ceausescu

Banks freeze dictators' funds

By William Dullforce in Geneva, Lionel Barber in Washington and William Dawkins in Paris

EUROPEAN governments yesterday froze bank accounts which the US and Romania say belong to General Manuel Noriega, Panama's ousted dictator, and Nicolae Ceausescu, the executed Romanian President.

The moves follow requests from the US Government, which is seeking to track down the assets of the fugitive Panamanian who is accused of drug trafficking offences, and the provisional Romanian government, which is anxious to recover money which the Ceausescu family has spirited abroad.

The US, which ousted Gen Noriega in a military operation a week ago, yesterday asked authorities in Switzerland, France, Britain and Luxembourg to freeze bank accounts said to contain more than $10m of illegal drug profits controlled by him.

In response, the Swiss Justice Department yesterday ordered Swiss Bank Corporation (SBC) and Union Bank of Switzerland (UBS) to freeze the movement of funds from accounts in Geneva and Zurich, into which the US alleges General Noriega paid monies deriving from the Colombian drugs trade.

According to US officials payments to Noriega had been deposited with SBC in Geneva and with UBS in Zurich. The Swiss Justice Department said its order to freeze the accounts was provisional; the order would become firm only after the US had translated its request into one of the official languages – French or German – of one of the cantons concerned.

French legal authorities also blocked accounts holding between FFr20m ($3.9m) and FFr25m allegedly belonging to Gen Noriega. The accounts are at Crédit Industriel et Commercial, a federation of regional banks and at Banque Nationale de Paris, the leading state-owned bank. According to officials, the money was about to be shifted to another country.

Details of Gen Noriega's bank accounts were seized during the US invasion. The money in them is part of a personal fortune estimated by the Bush Administration to amount to between $200m and $300m.

US authorities are focusing on transactions conducted through an account in the Panama city branch of the Bank of Commerce and Credit International (BCCI) which allegedly funnelled millions in drug profits to banks in Luxembourg, West Germany and Switzerland.

The US Justice Department said yesterday that the request to freeze "numerous" accounts controlled by General Noriega was made under the provisions of international treaties between the US and the four European states. Preliminary discussions were underway with several other countries believed to have served as a safe haven for General Noriega's overseas assets.

Justice Department officials said they would have to prove to the banking authorities that the money was earned illegally, but they said they were confident that the European countries would co-operate.

Earlier yesterday the new Romanian government formally asked Switzerland to block Ceausescu accounts, believed to contain part of the $400m the late President and his family are alleged to have salted away abroad.

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Treasure trail; Page 2

Ion Iliescu yesterday

Romanian leader says communist rule is over

By John Lloyd and Judy Dempsey in Bucharest

MR Dumitru Mazilu, *Romania's new vice-president*, yesterday declared that the country was "no longer communist".

Mr Mazilu, the vice chairman of the Committee for National Salvation led by Mr Ion Iliescu which is now running Romania, reaffirmed that the nation's interim leaders were devoted to setting up a true democracy in place of President Ceausescu's tyranny.

Mr Iliescu emerged as a leading anti-Ceausescu politician after he criticised the former president's economic policies.

Mr Iliescu's vice-president told reporters: "We want Romania to become a member of the free civilised world."

This view was confirmed by Mr Silvio Brucan, the former UN ambassador and a veteran opponent of the Ceausescu regime, who was a founder member of the Committee of National Salvation.

Mr Brucan said the Romanian Communist party was "finished". "It played no role whatsoever in the events of December of this year. There is thus no need for a special congress, or the election of a new leadership. In Romania, the Communist party no longer exists."

Mr Brucan warned, however, that the remaining elements of the former regime

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New Government strategy; Analysis, Page 4

Pound at new low against D-Mark

By Patrick Harverson in London

THE POUND fell to its lowest level against the D-Mark for almost three years yesterday after international investors switched into the West German currency in anticipation of tighter monetary conditions in Bonn and lower interest rates in the US.

There has been considerable speculation in currency markets over the Christmas weekend that the US Federal Reserve will continue its gradual relaxation of monetary conditions to protect the US economy from a recession.

This speculation continued yesterday, putting the dollar under further pressure on foreign exchange markets and leaving the pound lower against a resurgent D-Mark.

The currency markets have also been talking of a possible rise in West German interest rates. The D-Mark has been bought on hopes that the Bundesbank, West Germany's central bank, will tighten monetary policy to fight inflation.

The D-Mark has also been boosted by the strength of Frankfurt share prices and the expectation that economic growth will benefit from the opening up of trade with the Eastern bloc.

The decision of the Bank of Japan to raise its key official discount rate to 4.25 per cent on Monday also contributed to sterling's weakness yesterday. The Bank of Japan's move, aimed at keeping the lid on rising Japanese inflation, helped to lift the yen against all leading currencies.

In spite of sterling's fall against the D-Mark yesterday, analysts said there had been no significant shift in sentiment towards the currency and the pound held up well against the dollar.

In London, the pound closed down 2 pfennigs at DM2.7475, its lowest level since February 1987, and ⅓ of a cent higher at $1.6255. On the Bank of England's trade weighted sterling index (1985=100), the pound fell 0.4 to 86.5.

The lower pound helped London share prices, which rose sharply in the belief that a weak sterling will boost overseas earnings of British companies. The recent record highs of Tokyo share prices has improved the mood of the London stock market, and the FT-SE 100 index closed up 33.8 at 2,395.8.

Lex, Page 12; Markets, Page 25

Vatican refuses to hand over Noriega to US

By Lionel Barber in Washington and John Wyles in Rome

THE VATICAN yesterday publicly rebuffed US pressure to hand over General Manuel Noriega, continuing the impasse over the fate of the deposed Panamanian leader.

President George Bush, starting his new year holiday in Texas, said the Vatican's decision could complicate US efforts to bring Gen Noriega to trial in the US on drugs trafficking charges. The general sought refuge in the Vatican's embassy in Panama City on Christmas Eve.

Stressing the Vatican's desire to act in accordance with "international law and justice," Mr Joaquim Navarro Valls, the Papacy's official spokesman, said that Gen Noriega could not be handed over directly to the US because the Papal Nuncio in Panama City was not accredited to Washington but to Panama.

However, he hoped that a solution would be found "in days and not weeks" to the problem posed by the general's presence in the Vatican's diplomatic mission.

But, he added, the Panamanian Government could play a determining role, although the Holy See had not received any request from the country's new administration for Gen Noriega to be handed over.

Gen Noriega is pressing for eventual political asylum in Cuba and negotiations are reported to be under way in Panama and several other capitals aimed at reaching a deal acceptable to the US, the Vatican and the newly installed Panamanian Government.

However, the Vatican had not been in contact with any third parties, "neither with Fidel Castro and Havana, nor Nicaragua, nor with any other country," the Vatican spokesman said. He added that there had been no direct contacts between the Pope and President Bush.

The problem for Mr Bush, who ordered US forces to invade Panama last week in a successful attempt to topple Gen Noriega, is how to sell any deal to the US public which falls short of bringing the former Panamanian leader to justice.

The White House, reacting to speculation that the US was worried about Gen Noriega

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Reconstruction talks begin, Page 2

Pope John Paul in Rome yesterday: his spokesman said the Vatican hoped for a solution 'in days and not weeks.'

Kuwaiti group launches $636m bid for Spain's Grupo Torras

By Our Financial Staff

THE KUWAIT Investment Office yesterday launched a bid for total control of Grupo Torras, the holding company through which it manages the bulk of its industrial and financial empire in Spain.

Spanish stock market regulations prevented disclosure of the offer price yesterday, but market commentators reckoned that it would cost the KIO around Pta70bn ($636m) to buy the 38 per cent of the company's tradeable shares not already held by the KIO or its employees.

The governing body of Spain's National Stock Exchange Commission is expected to meet today to decide whether the bid should proceed. Dealing in Torras shares was suspended on Tuesday afternoon at the company's request at Pta1,520.

The KIO already owns a controlling stake of at least 40 per cent in Grupo Torras. Some 13.5 per cent is understood to be held by Mr Javier de la Rosa, the Kuwaiti group's principal Spanish agent and a vice president of Grupo Torras. The KIO said Mr de la Rosa could keep his stake if shareholders agreed to the offer.

The same policy is likely to be applied to other members of the management at Torras who hold around 8.5 per cent. Banco Santander has an eight per cent shareholding and the remaining shares are in the hands of private investors.

Under its former name of Torras Hostench, the group was an outstanding performer during the 1987 Spanish stock market boom, rising to a peak of more than Pta6,000.

Torras has stakes in 24 Spanish enterprises in paper, chemicals, fertilisers, food, property and finance. In 1988, net group profits were Pta14.9bn while for the first six months of this year they totalled Pta8.95bn, an 82 per cent rise from a year earlier.

News of the takeover attempt took Spanish observers by surprise yesterday, not least because earlier this year Torras had unveiled plans for a significant shift in investment strategy.

The group said in mid-June that it expected to reduce its paper and fertiliser operations and concentrate more fully on foods, financial services and engineering.

The announcement marked the end of possibly the fastest accumulation of industrial power in recent Spanish history and signalled a flush of new acquisitions in foods and services by Torras at home and abroad. Torras set about building up Ebro, its 51 per cent owned food division, and several financial and engineering service companies, all acquired in the previous 18 months, as core businesses.

At the same time it sold a 3 per cent stake in Ercros, its chemicals and fertiliser division, to Banco Hispano Americano. It has also sold Doctor Andreu, a pharmaceutical company, to Hoffmann-La Roche, the Swiss chemicals group, for Pta9.4bn.

Lord Drogheda

LORD DROGHEDA, who played a leading role in transforming both the Financial Times and the post-war Royal Opera House at Covent Garden into international institutions, has died. He was 79.

His flair and deceptively languid charm concealed a vision of excellence and a relentless attention to detail which made him a formidable champion for both institutions.

Obituary, Page 11

MARKETS

STERLING
New York lunchtime: $1.6245
London: $1.6255
DM2.7475
FFr9.3925
SFr2.495
Y231
£ index 86.5

GOLD
New York: Comex Feb $403.8
London: $406.25

N SEA OIL (Argus)
Brent 15-day Feb $20.175

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime: DM1.6855, FFr5.7615, SFr1.5325, Y141.645
London: DM1.69, FFr5.7775, SFr1.5355, Y142.1
$ index 67.4
Tokyo close: Y142.1

US LUNCHTIME RATES
Fed Funds 8⅜%
3-mo Treasury Bills: yield: 8.02%
Long Bond: 101½, yield: 7.97%

STOCK INDICES
FT-SE 100: 2,395.8 (+33.8)
FT Ordinary: 1,896.9 (+26.7)
FT-A All-Share: 1,191.52 (+1.2%)
New York lunchtime: DJ Ind. Av. 2,729.24 (+18.98)
S&P Comp 348.71 (+1.90)
Tokyo: Nikkei 38,601.63 (+120.32)

LONDON MONEY
3-month interbank: closing 15 1/16%
Little long gilt future: Mar 92⅝

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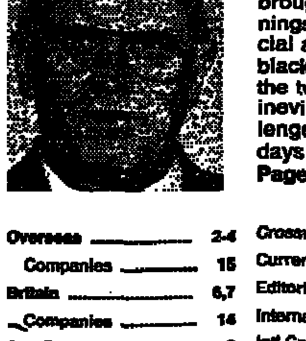
De Klerk's first 100 days marks start of shift to tolerance



F.W. de Klerk's first 100 days as President of South Africa has brought the beginnings of normal political activities among blacks. Talks between the two sides seem inevitable but the challenges of the next 100 days are daunting Page 10

Argentine currency drops 21% in a day

By Our Foreign Staff

ARGENTINA'S currency has collapsed again, increasing fears that the country's economy is once more heading out of control.

The austral fell 20.8 per cent on Tuesday against the US dollar, from 1,355 at the opening of trading to 1,710 at the close. Time-deposit interest rates remained high at a monthly 105 per cent.

Analysts attributed the rise in the dollar to a fall in interest rates to about 50 per cent a month, or roughly the level of inflation.

The Government tried to play down the fall. "These wide fluctuations don't reflect reality. We warned it would take a while for the markets to settle," Mr Antonio Erman Gonzalez, the Economy Minister, told reporters on Tuesday, but businessmen were unimpressed.

The austral held firm against the dollar in the week before Christmas, buoyed by a reshuffle of President Carlos Menem's cabinet and new economic measures.

These followed the resignation as Economy Minister on December 15 of Mr Nestor Rapanelli, who had brought the inflation rate down to a monthly 5.6 per cent in October after two months of hyperinflation that in July reached a record 196 per cent.

But by November markets had lost confidence in his ability to carry out the Peronist Government's reform programme and the austral began its tumble against the dollar. Mr Menem responded by giving Mr Gonzalez, a close aide, the economy portfolio.

He freed exchange markets and salary negotiations, lifted price controls, and appealed to businessmen and bankers to behave responsibly. This had a short-term impact, which now seems to have dissipated.

"The time between one crisis and the next is shortening. This is one of the characteristics of this new economy," said one executive.

Mr Gonzalez is President Menem's third economy minister, and Mr Rodolfo Rossi is the third central bank president. So far this year, Argentina has had six economy ministers and five central bank presidents.

BA to resume links, Page 3.

Panama City still tense as reconstruction talks begin

By Tim Coone in Panama City

TALKS began yesterday between the US and the new Panamanian Government of President Guillermo Endara on the task of rebuilding Panama's economy, crippled by sanctions, war damage and the most thorough looting of a city imaginable.

Practically every commercial establishment in the city has been sacked. "Violent reductions" promises a big sign above one smashed shopfront. In daylight, looting of shops continues under the noses of US troops.

The Panamanians now want to translate US interest in the tiny country into cash. Mr Endara's new ambassador to Washington, Mr Carlos Rodriguez, has made it abundantly clear that he expects the US to provide generous assistance. The US after all, in its efforts to depose General Manuel Noriega, is largely responsible for the extensive damage to the economy over the past two years.

The US military are still uncomfortably omnipresent. Since Christmas Day, a Hercules military aircraft, heavily armed with multi-barrelled machine guns, has droned over Panama City for 24 hours a day.

Sniper fire and ambulance sirens echo in the night through the curfew-silenced streets. Some shots come from within a few metres of US troop positions.

Since economic sanctions were imposed in March 1988, economic activity as measured by GDP has slumped by as much as 30 per cent. This was achieved primarily by freezing Panamanian government assets in the US and by placing all payments due to it, such as canal tolls, taxes and pipeline royalties, into escrow accounts in the US. Some $400m has now accumulated.

The imminent release of these funds will provide a much-needed injection of liquidity into Panama's almost paralysed banking system. The National Bank of Panama can once again begin its cheque-clearing role within the banking centre, and provide the resources to the commercial banks to begin lending once again, something which has been largely suspended since March 1988.

War damage resulting from last week's invasion has been confined mostly to military and some government installations, although a large area of working-class housing close to Gen Noriega's barracks was devastated on the first day of fighting and will have to be rebuilt. An estimated 10,000 people in Panama City are without homes as a result of the invasion. Rebuilding and new construction projects will provide an important boost to the moribund construction sector, which has been the worst affected by the slump.

The unwillingness of the US invasion forces to risk higher casualties and quickly re-establish law and order as Gen Noriega's police and defence forces collapsed was the principal factor behind the devastating plundering of the capital in a pre-Christmas looting spree.

According to one foreign banker, "Inventories were at their highest level possible just days before Christmas, when the looting started." He said that initial loss estimates "start at $100m and range upwards from there." The well-organised Panamanian Jewish community reportedly intends claiming $600m in damages from the US Government.

Sorting out the complex tangle of insurance claims, for those who had taken the precaution of insuring against war and looting losses, will take weeks. Those who did not face bankruptcy and ruin. Even before the ransacking of Panama City, loans to commercial establishments had been the most significant, and thus the most problematic, in bank portfolios, as the economic slump created a liquidity crisis.

Even close presidential aides admit they are still working in the dark in trying to estimate losses. The new Government is only just beginning to function out of the old Foreign Ministry building. Barbed wire barricades and trigger-happy US troops surround the building on constant guard against snipers. Government and commercial offices are still functioning on skeleton staffs.

Off the Panama City seafront, the horizon is filled with ships lying at anchor waiting to pass through the canal. The backlog of 120 ships may take weeks to clear if full 24-hour operation of the canal – due to resume today – is delayed. The isthmus is seeing only about half its normal maximum of 40 daily crossings, at a daily cost in toll revenues of some $500,000. The threat of sabotage remains real as long as pro-Noriega or anti-US militia forces are at large.

The task of rebuilding Panama will be neither quick nor cheap. President Endara's begging bowl is likely to be extended further afield than Washington. Interest payments on Panama's $4bn foreign debt are now two years overdue. Rescheduling talks will be necessary.

It is a task which would stretch the abilities of most governments. For Mr Endara's, made up of a variety of political and economic interest groups vying for the lion's share of the flood of hoped-for aid, it may prove very divisive.

A Panamanian leaves a looted shop in Panama City with his spoils

Searching for signposts on the stolen treasure trail

The Noriega and Ceausescu hoards will prove elusive, report David Lascelles and William Dullforce

THE hunt is now on for the secret cash hoards of Nicolae Ceausescu of Romania and Manuel Noriega of Panama. In what has become almost standard practice in the wake of collapsed dictatorships, bankers, regulators, policemen and lawyers are pooling their efforts.

Formal moves were made yesterday by both the Romanian and US Governments to track down their quarries' ill-gotten gains. The Romanians circulated a request to central banks to freeze Ceausescu assets, while the Americans initiated legal proceedings in several countries including the UK to block General Noriega's bank accounts.

It will not be easy. They will have to fight their way through a web of banking secrecy and legal technicalities. Even identifying the accounts will be difficult because they will certainly be held by nominees.

But the whole process of tracking down and blocking criminal funds is nevertheless becoming easier thanks to a new international drive to crack down on money laundering. Earlier this year, the world's leading central banks produced a code of conduct which obliges banks to report suspicious money movements. Although not law, the code is backed by sanctions: in the UK, for example, the Bank of England has threatened to cancel the licences of banks which fail to abide by it.

Moves by Switzerland, the traditional banking refuge of corrupt dictators, to co-operate with foreign investigations have also facilitated enforcement. The Berne Government was among the first to block Ceausescu and Noriega accounts in the last two days.

However, actual recovery of any monies in those accounts or even the handing over of documents to the Romanian and US authorities are likely to be much less swift, judging by what happened in the cases involving the late Mr Ferdinand Marcos, the ex-Philippines President, and Mr Jean-Claude "Baby Doc" Duvalier, the former President of Haiti. Marcos funds amounting to at least $300m (£188m), according to the Philippine Government, were blocked in Swiss banks in March 1986. An order blocking Duvalier family funds, put at more than $100m by the Haitian authorities, was issued in April of the same year.

Legal assistance to prosecutors in the home countries has been formally accorded but so far virtually no money and no documents have been transferred to the Philippines and only documents have been sent to Haiti. The US has fared better in having Swiss bank secrecy laws waived; it has been given access to evidence allegedly showing that Mr Marcos pocketed some $15m in US aid money and used Swiss banks in transactions involving 24 paintings that he and his wife allegedly stole.

Despite Switzerland's more co-operative attitude, however, the particular nature of its bank secrecy remains intact. First, under Swiss law it is a penal offence for any bank official to pass on information about a client to a third party. Second, in deciding whether to help authorities in other countries the Swiss apply the "double criminality" test, under which the case under investigation must constitute a crime under the laws of both the home country and Switzerland.

In practice this means that the Swiss will not help other governments trace monies that have escaped their tax inspectors for, while tax fraud is a crime under Swiss law, mere tax evasion is not.

However, the Swiss have been widening the legal scope for crimes which qualify for granting legal assistance to foreign authorities. Insider trading became a crime in July last year. A bill making the laundering of money obtained from criminal activities a penal offence has passed the lower chamber of parliament and should be approved by the upper chamber in the spring.

Two years ago the Swiss also came to an understanding with the US to speed up their legal procedures in supplying information needed to prosecute cases. In return the US courts would show "restraint" in imposing fines or seizing the assets of Swiss banks in the US.

Notwithstanding these improvements, the Marcos and Duvalier cases illustrate the long delays that defence lawyers can still bring about. Switzerland's federal structure poses a fundamental difficulty. The lawyers can mount successive appeals through cantonal courts right up to the Federal Tribunal (supreme court).

In the case of Gen Noriega this problem could be eased. Under the new US-Swiss bilateral treaty on mutual legal assistance, responsibility lies with the federal government.

Although Switzerland is the name that always springs to mind, several other financial centres have evolved in recent years as havens of banking secrecy, many claiming to be even more secure than the Zurich gnomes. Luxembourg, Austria and even Hungary are among those which have sought to attract deposits. Palm-fringed islands in the Caribbean and the South Pacific have also set themselves up as financial centres.

Move to calm Brazil markets

By Ivo Dawnay in Rio de Janeiro

BRAZIL'S Finance Minister, Mr Mailson da Nobrega, was yesterday once again attempting to calm nervous financial markets after worries about inflation sent gold and dollar prices rising.

The minister is to meet business leaders in Rio today to try to stem a surge in price increases for primary products ranging from food to petrochemicals.

On Tuesday, he went on nationwide television to deny a newspaper report that his officials were working on projections of inflation of 80 per cent in January, up from about 55 per cent this month.

Fears of a new price freeze are believed to have added to the atmosphere of near panic engulfing the financial community this week, lifting the dollar almost 9 per cent. "We will continue the struggle to keep the economy under control despite high inflation rates," he said, once more insisting that no "shock" measures were planned by the administration of President José Sarney.

But there remain serious doubts as to whether the Sarney government can keep prices under some sort of control until the President-elect, Mr Fernando Collor de Mello, takes office on March 15.

Uncertainty over how Mr Collor will tackle the crisis has grown in the silence since his election victory over the Socialist, Mr Luis Inacio Lula da Silva, on December 17.

The markets have been anxiously awaiting news of who will be the new economy minister or details of an anti-inflationary strategy. Mr Collor, however, has merely insisted he will not take over government early and is said to be planning a holiday in France or the Caribbean.

While few begrudge the President-elect a break after his exhausting nine-month campaign, some eyebrows have been raised by the perceived lack of urgency among his team as the crisis deepens.

Mr da Nobrega is said to have told friends that a gesture is needed from Mr Collor to calm nerves. This could be the creation of a transition committee to plan a short-term programme to tackle price rises, or the naming of a respected figure as economy minister.

Madrid resumes industry talks

By Our Foreign Staff

WITHOUT much fuss, and while most attention has been focused on more festive matters, Mr Felipe González's Socialist Government in Spain has been doing a U-turn. After nearly a year of estrangement, he and his ministers are once more discussing their programme with the two sides of industry.

Tripartite talks, pivotal to the early years of Socialist rule, were broken off last January. By then it was clear that, despite a widely supported one-day general strike the previous month, Mr González had no intention of meeting trade union demands for a substantial increase in welfare provisions.

In the week before Christmas, the Prime Minister saw leaders of the two biggest trade union federations, the Socialist General Workers' Union (UGT) and the Communist-led Workers' Commissions (CCOO), as well as the head of the employers' federation, the CEOE.

Yesterday his Finance Minister, Mr Carlos Solchaga, got down to details with the unions, explaining how his 1990 budgets plan would affect pensions, benefits, and the pay of public workers. A similar meeting between Mr Solchaga and CEOE representatives is planned, although no date has been fixed.

The degree to which the Government is prepared to negotiate over policy with the unions has become a barometer of its socialism. The UGT and CCOO have been among the fiercest critics of the Socialists' drift towards economic liberalism since taking office in 1982.

The resumption of talks is to some extent a response to the setback the Socialists suffered at October's general election, largely because of votes lost to the Communist-based United Left.

The Government had its outright parliamentary majority reduced to one seat.

It could also need the unions' help to overcome the problems created by Spain's rapid economic growth. Among these is an annual inflation rate of 7 3 per cent at the end of last month.

Smooth ride for Rome budget

By John Wyles in Rome

THE uncommonly solid standing of the Italian coalition led by Mr Giulio Andreotti has been further strengthened by the relatively trouble-free passage of the Government's 1990 budget well inside its parliamentary deadlines.

As a reward for their cajoling and lobbying, Mr Andreotti's economics ministers have been able to secure a budget which respects the borrowing requirement of L133,000bn ($64bn), 10.2 per cent of gross domestic product, laid down in the proposal they tabled at the beginning of October.

This is a significant achievement, given that 1990 is the year of local elections, and the five governing parties were thus required to discipline their inclination to seek votes.

The International Monetary Fund warned in a report to the Italian Government this month that electoral pressures would be only one of several threats to a deficit which its inspectors prefer to regard as "a minimum objective". The IMF's conclusion was that in the absence of convincing spending controls on health, pensions and public salaries, the deficit could easily approach L145,000bn.

Mr Guido Carli, the Treasury Minister, is so determined to turn off the health spending tap that he had led some people to believe that he might resign if the health service did not observe its spending ceiling of L61,238bn. The Government is due to present reform legislation to curb the extravagance of the service's political administrators in the next few weeks, but Mr Carli may well find himself arguing later in the year that higher indirect taxes are needed to keep on course for the target.

Hitting this bullseye will have more than usual symbolic importance because of the removal of all remaining Italian exchange controls from July 1. Then, interest rates will be much more susceptible to capital movements, and any increase on their already high levels will only add to the cost of debt servicing, which this year will equal around three quarters of the total deficit.

Khmers step up Cambodia war

KHMER Rouge guerrillas yesterday said they had cut Cambodian government supply routes to the war-racked northwest as fighting intensifies in the country three months after the withdrawal of Vietnamese troops, Reuter reports from Bangkok.

Officials of the Khmer Rouge's two non-Communist allies said they might try to aim for outright military victory rather than a political settlement with the government in Phnom Penh installed by Vietnam.

Khmer Rouge attacks along Route 5 isolated government garrisons in the western provinces capitals of Sisophon and Battambang from the capital on Tuesday, officials of the non-Communist wing of the guerrillas said yesterday.

"We didn't think we were capable of winning by military means, but we may have to rethink our strategy. [Government forces] are just collapsing," said Mr Ok Serei Sopheak of the military arm of the Khmer People's National Liberation Front (KPNLF).

The KPNLF and the Sihanoukian National Army (ANS) are allied with the stronger Khmer Rouge, widely condemned for its 1975-79 rule during which the West estimates 1m Cambodians died.

The KPNLF and ANS have said they are fighting for a political settlement to bring all guerrilla forces into a coalition with the 11-year-old Communist government.

An ANS official said there would be a round of informal talks between the various factions in Jakarta in February.

Diplomats quoted Phnom Penh officials as saying the Khmer Rouge's non-Communist allies had already cut Route 6, the other main road from Phnom Penh to Siem Reap and Sisophon.

KPNLF and ANS officials claim their forces control a quarter of Cambodia, but diplomats in Bangkok said their influence was confined to the sparsely populated northwest.

"We still have to rely on the Khmer Rouge and [its backer] China for heavy weapons," said Mr Ek Sereyrath of the ANS. Phnom Penh has ruled out any role for the Khmer Rouge in a future government.

Rebel officials said the guerrilla offensive may force Prime Minister Hun Sen to accommodate the Khmer Rouge.

Khmer Rouge radio said yesterday its guerrillas had attacked garrisons in Kratie and Kampong Cham provinces within 50 miles of Phnom Penh.

Bearish forecasts as US markets re-open

By Anthony Harris in Washington

A RECOVERY in sales of existing houses, and reports of a last-minute surge in Christmas retail sales, provided some reassurance about the US economy as the market re-opened yesterday; but the motor industry slump appeared to deepen a little, and there was a sharp fall in machine tool orders. Meanwhile, financial market forecasts of the economy were the most bearish in two years.

Sales of existing single-family homes rose 3.2 per cent in November, to a seasonally adjusted annual rate of 3.6m, the highest rate this year, but down 3.2 per cent from November 1988, according to the National Association of Realtors. Prices, which have been falling for some months, also hardened a little, up 0.4 per cent in the month and 5 per cent over 1988.

The recovery was concentrated in the West and in the recovering southern states, and fell by 1.7 per cent in the east and 4 per cent in the industrial Mid-west.

Retailers reported a last-minute buying rush, repeating the pattern of 1988, but still described the final figures as only "modest to moderate". Shoppers faced better weather, and were further encouraged to wait by fierce price-cutting, especially in regions where the most troubled, debt-laden store groups have a strong presence.

The problems of indebted companies also figure largely in unusually gloomy end-year circulars from several of the main broking houses. The gloomiest economic forecasts continue to be made by Mr Alan Sinai of the Boston Co, usually regarded as the most reliable voice of the consensus.

He now sees real GNP declining at a 0.8 per cent annual rate in the current quarter, with further declines of 0.4 per cent and 0.1 per cent in the first and second quarters of 1990.

This would constitute a recession under the Gramm-Rudman-Hollings legislation, and lead to a suspension of efforts to reduce the federal deficit, which Mr Sinai projects at $131bn in fiscal 1991, more than double the Gramm-Rudman target for that year.

The main evidence for bearish forecasts come currently from the machine tool industry and the motor trade. Machine tool orders in November were down 34 per cent from 1988, according to the Association for Manufacturing Technology.

The National Automobile Dealers Association forecasts US sales of 14m cars and trucks next year, well below projections from the manufacturers, who have projected sales in the 14.5m-15m range.

Singh to look into Bofors pay-off allegations

MR V.P. Singh, India's Prime Minister, has acted swiftly to fulfil his election campaign pledge that he would reopen investigations into defence and other contracts in which pay-offs were allegedly made by foreign companies, K.K. Sharma writes from New Delhi.

Controversy over such contracts seriously embarrassed Mr Rajiv Gandhi during his period as Prime Minister.

In addition to announcing that Bofors, the Swedish arms company, would be given no more contracts until the names of recipients of pay-offs in the $1.3bn (£800m) deal to supply howitzers were revealed, Mr Singh said the deal itself would be reviewed, thereby hinting at the possibility of its cancellation.

Mr Singh has also ordered a similar review of the contract awarded to West Germany for the purchase and building of submarines, the issue on which he resigned three years ago from Mr Gandhi's cabinet as Defence Minister.

Mr Singh's Government has also asked the public sector Oil and Natural Gas Commission to take legal action over the alleged payment of commissions to an Indian company by a Japanese consortium led by Sumitomo Corporation in alleged violation of the contract.

The action against Bofors was announced by Mr Singh to Parliament and confirmed in a statement issued by the Ministry of Defence, which is under the direct charge of the Prime Minister. The Bofors issue thus seems certain to remain as controversial as it was when it was used to attack Mr Gandhi in the last three years.

The decision to review the Bofors contract is in line with recommendations made by General K. Sundarji, then army chief, and Mr Arun Singh, Minister of State for Defence in Mr Gandhi's cabinet, when the controversy erupted three years ago.

Mr Gandhi declined to do this on the ground that a parliamentary committee had been asked to look into the entire issue.

Ethiopia 'needs 1m tonnes of food aid'

ETHIOPIA will need more than 1m tonnes of food aid next year to escape famine, three times the Government's original estimate, the UN Food and Agriculture Organisation (FAO) said yesterday, agencies report from Nairobi.

"Only an international relief operation of major proportions can avert widespread loss of life in Ethiopia once again," Mr Edouard Saouma, FAO director-general, was quoted as saying in Nairobi. He said food stocks in the drought-affected areas would be exhausted by early 1990.

Only 270,000 tonnes of food had been pledged so far by international donors, Mr Saouma said, and he appealed for 700,000 tonnes of emergency food, mostly for the drought-affected north, and 400,000 tonnes of structural and project food aid.

Bonn budget deficit

West Germany's federal budget deficit this year is likely to total around DM22bn ($12.6bn), roughly DM6bn lower than expected during the summer, indicating the extra financial leeway given to Bonn by the fast-expanding economy, David Marsh writes from Bonn.

As a result of booming tax receipts prompted by this year's estimated 4 per cent economic growth rate, Mr Theo Waigel, the Finance Minister, has considerably more manoeuvring room for dealing with financial burdens stemming from the rapprochement with East Germany.

Government borrowing is due to rise again in 1990 as the result of large tax cuts coming into effect in the new year.

Coal strike talks

Talks resumed yesterday in an effort to end the nine-month-long strike against Pittston Coal in West Virginia. The current effort to end the dispute with the help of a private mediator, W.J. Usery, began with round-the-clock talks which ended without agreement last Saturday, Anthony Harris reports from Washington. The strike, which is concerned with health benefits, especially for retired, disabled miners, is regarded by both sides as crucial for the whole industry, and for other where health risks are high.

Jerusalem Post row

A bitter row has broken out over editorial control of the Jerusalem Post, the English-language Israeli newspaper taken over by Canada's Hollinger group earlier this year, prompting the resignation of the editor and the threat of industrial action by the editorial staff, writes Hugh Carnegy in Jerusalem.

At issue is the editorial independence of the Post, which has long criticised the Israeli Government's policies over the occupied territories.

Lithuanian rallies

Thousands of Lithuanians have rallied to back their Communist Party's decision to split with Moscow in a rare display of support for the Communists in the Soviet republic, Reuter reports from Moscow.

Political activists said a planned visit by Soviet leader Mikhail Gorbachev was unlikely to persuade the Lithuanians to reverse the move.

Journalists said Lithuanian party leaders had returned in optimistic mood from a Communist Party Central Committee meeting in Moscow which failed to decide whether to penalise the rebellious Baltic republic.

Taiwan changes

Taiwan's ruling Nationalist Party yesterday named reform-minded officials to key party posts, AP reports from Taipei.

Mr Vincent Siew, 51, was named head of the party's Organisation Affairs Division, responsible for mobilising the party machine for elections. He replaced Mr John Kuan, 50, who remains party deputy secretary general. The appointments follow election setbacks for the Nationalists.

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OVERSEAS NEWS

Dassault awarded FFr4.9bn order for jet fighters

By William Dawkins in Paris

THE FRENCH Government has awarded orders totalling FFr4.9bn ($830m) to Avions Marcel Dassault-Breguet, the jet-fighter manufacturer, to supply 34 aircraft and, against Navy advice, modernise up to another 35.

This includes a FFr1.8bn contract to refit and strengthen sea-borne fighters owned by the French Navy, against the wishes of senior officers who recommended replacing their existing flight of US-made 27-year-old Crusader F-8s.

Vice-Admiral Yves Goupil, the Navy's second-in-command, had urged the Government to buy more modern F-18s, made by McDonnell-Douglas of the US, on the grounds that the Crusaders were "out of date" and had been "weakened by landing repeatedly on aircraft carriers."

Navy officials hoped then to continue buying F-18s well into the next decade, rather than take delivery of the new Dassault fighter aircraft, the Rafale, due to be phased in for the Navy after 1996, and which they fear might be unsuited to aircraft carriers.

But they said they would not contest the decision, announced by Mr Jean-Pierre Chevènement, the Defence Minister.

The contracts provide a boost for Dassault, which last year reported profits of FFr147m on sales of FFr16.7bn, and which has traditionally relied heavily on favourable French Government procurement. The Government's decision to override Navy advice seems likely to reopen a longer-term defence debate over building a new fighter aircraft alone, rather than with other countries.

The Rafale was "a national challenge we must accept", said Mr Chevènement. "Maintenance of a competitive world-scale French aeronautics industry is part of France's defence."

The order for new aircraft is worth FFr3.1bn and includes 21 Mirage-2000 N nuclear bombers, plus 13 Mirage-2000 DA fighter-bombers to be delivered in phases until 1993 to the French Air Force. This contract was foreshadowed in the budget and the Air Force finds the Mirages suit its needs.

After 1998, the Air Force is to start buying the Rafales, and it is expected to purchase at least 250.

● Snecma, the French state-controlled aircraft engine maker, expects to announce a substantial turnround to net earnings of up to FFr100m this year, the first time the group has posted a profit since 1986.

Turnover is provisionally forecast to rise by 27 per cent to nearly FFr13bn, from last year's FFr10.2bn, a senior official said yesterday.

Earnings will be "positive but less than FFr100m," he said. This compares with a FFr25m profit in the first half, after a net loss of FFr250m last year and a loss of FFr410m in 1987.

The group has suffered from having a smaller servicing and repairs business than its competitors, while having to shoulder enormous development costs for its new range of engines.

Final results will be published early next year.

The turnround reflects the general strength of the international civil aircraft industry and the fast-growing order book for the CFM56-5C engine. Made jointly by Snecma with General Electric of the US for Airbus Industrie and Boeing, this accounts for half of sales.

Overall group orders stand at FFr35bn, about the same as the end of last year, and represent two to three years' work, the official said.

Within that, 75 per cent comes from civil customers and the rest from military clients, almost the precise reverse of the composition of Snecma orders at the start of the decade.

The group estimates it spent 25 per cent of turnover on research and development last year.

The largest single project within that is a study into the M88 engine for the new French combat aircraft, the Rafale, due to make its first test flight next February.

Bush's business friends back his vision of Europe

Nancy Dunne reports on how the US is gearing up to develop its trade relations with the East bloc

PRESIDENT George Bush, one of the few former businessmen to gain the US presidency, almost as a reflex sees in business the solution to most economic challenges, says a long-time friend and political backer.

The old friend in question, Mr Fred Zeder, one of the many business leaders brought into government by Mr Bush, is president of the Overseas Private Investment Corporation (Opic), the agency which underwrites political risk insurance and makes equity investment in developing countries.

To him and the other former CEOs, Mr Bush has entrusted execution of his "vision thing" – the vision being a Europe made "whole and free" through democratic government and economic development. It is not by accident that the first top-level administration delegation to visit Poland was led by Mr Clayton Yeutter, Agriculture Secretary and former president of the Chicago Mercantile Exchange.

Mr Robert Mosbacher, former Texas oilman and Commerce Secretary, has been given the lead on the export licensing dilemma, particularly for Poland and Hungary, so that US technology is not cut out of potentially lucrative developing markets.

At the US Export-Import Bank, headed by Mr John Macomber, former chairman of Celanese Corporation, plans are in preparation to finance US trade to the Soviet Union, East Germany, Czechoslovakia and Bulgaria, once the White House gives the go-ahead.

The administration is united in its decision to offer no dramatic Marshall plans to Eastern Europe. Too many sad lessons have been learned about the impact of pouring aid into inexperienced hands – even if the dollars were available for the exercise.

"It will do no good for us or the Western world to plough billions of dollars into the Polish economy if Poland does not create the institutions that can put that money to good use," Mr Yeutter said recently. Institution building must occur, he said, to receive investment flows and direct them most productively.

Eximbank and Opic, virtually ignored during the Reagan years, are shifting into high gear to support whatever role American business is to play in Eastern Europe. It was the lure of their credits, insurance and loan guarantees that Mr Bush offered President Mikhail Gorbachev at Malta in his package of economic incentives.

Mr Zeder has been circling the globe since Mr Bush, in April, announced his intention to offer Opic programmes to Poland. Between October 25 and December 2, he visited counterpart agencies in Japan, Germany, Italy, France and the UK with "Principles of Co-operation" in his portfolio.

Thus far, Japan, Italy and

Zeder: circling the globe

the UK have signed the principles, agreeing to share relevant information; exchange knowledge of techniques to encourage investment, including "approaches to risk mitigation"; and encourage co-operative enterprises and ventures by financing private investment and strengthening existing financing systems.

A group of US business executives, taken by Mr Zeder to Poland last month, has already produced 11 deals well along the way to completion, in such sectors of agribusiness, telecommunications, housing, and waste management.

Opic is searching for a manager to oversee a $100m-$200m Eastern Europe Growth Fund, which with participation of US banks and business, will finance or take equity positions in new or expanding businesses.

Opic's own resources are slender; it has only $20m (£12.5m) for direct loans to be divided among its 110 client countries, and $211m for investment guarantees. But it is authorised to offer $8bn a year in political risk insurance, covering expropriation, inconvertibility of funds, war, terrorism and civil strife.

Its operations are likely to be supplemented by grants from the three-year, $240m Polish-American Enterprise Fund, set up by Congress to promote the private sector by backing job and business training programmes, financial consulting studies, privatisation schemes and small business loans.

Eximbank, which was nearly destroyed by the "free market" ideology of the Reagan administration, is also expected to take a high-profile role in the rebuilding of Eastern Europe. Although shorn of much of its direct loan funding by budget constraints, it has about $10bn a year in export credit guarantee authority to put to use.

Not much can be done for Poland until its loan rescheduling has been accomplished, but Eximbank has received congressional authorisation for a $200m trade credit insurance programme for that country. It is free to operate in Hungary, where it is establishing a $25m credit line with the Bank of Hungary to underwrite US sales.

Airbus ends year with record sales, orders

By William Dawkins in Paris

AIRBUS Industrie, the four-nation European aircraft-making consortium, will finish the year with record sales and order books, largely because of the success of its A320 short-to-medium-range airliner.

Provisional figures the Toulouse-based group's year-end review show firm orders for 416 airliners, more than twice the 167 orders booked by the end of 1988.

Despite continuing rows between its government backers, Airbus has been a prime beneficiary of the strength of the world aircraft market, in which it is the second largest manufacturer, with a 30 per cent share.

It groups Aérospatiale of France, British Aerospace, MBB of West Germany, and Casa of Spain.

While Airbus does not publish financial figures, its current order book is worth an estimated total of $28.8bn at catalogue prices.

Airbus completed 167 sales during the year, up from 114 in 1988. However, Airbus officials warned that the company shared its competitors' feeling that demand is unlikely to continue growing at the same pace next year.

Airbus' best seller, as in previous years, was the A320 twin-engined 150 seater, which now has 119 orders. By early November, Airbus had sold a total of 529 A320s since the model made its first flight in February 1987.

The new stretched version of the A320, the A321, pulled in its first 20 firm orders earlier this month from Alitalia, the Italian national airline, out of a total of 107 firm orders from 10 customers.

The year's biggest single contract, worth $4.5bn came from Texas Air, which last month bought 10 twin-engined 330-seat A330s, plus 10 four-engined 286-seat A340s, with options to double that order. They are scheduled fior delivery from 1993 onwards.

Meanwhile, Airbus has confirmed that Aeroflot, the Soviet national airline, is still negotiating to buy up to 10 twin-engined 265-seat A310-300s, which would be the consortium's biggest sale to the Eastern bloc.

This would need clearance from CoCom, the 16-nation organisation committed to stopping the sale of militarily useful technology to Communist countries.

Nepal and India seek to solve trade dispute

NEPAL and India are to hold talks next week to try to settle a crisis in relations which focuses on a bitter trade war that has seriously damaged the Nepalese economy, Reuter reports from Kathmandu.

Quoting officials, the agency said that said Mr Shailendra Kumar Upadhyaya, the Nepali Foreign Minister, would make a three-day visit to New Delhi starting on January 2 for talks with Mr Inder Kumar Gujral, his counterpart in the new Indian Administration.

The previous Government of Mr Rajiv Gandhi has been widely accused of employing strong-arm tactics against the country's neighbour.

India closed all but two border crossing-points to Nepali imports and exports last March when a series of bilateral trade and transit accords lapsed without agreement on their renewal or the composition of new ones.

The officials, who requested anonymity, said that Kathmandu had been greatly encouraged by statements from the new Indian Government under Mr V.P. Singh, to the effect that a solution to the nine-month-old trade row could be found.

New Delhi has also recently intimated that it would not bully its neighbours.

The trade row has become the focal point of the much broader issue of what kind of political relations Nepal, one of the world's poorest nations, should have with its giant neighbour.

British Airways to resume Argentina links next month

By Paul Betts, Aerospace Correspondent

BRITISH Airways will re-establish air services with Argentina next month, following an intergovernmental agreement between London and Buenos Aires completed just before Christmas.

The agreement, announced yesterday, is part of the broad process of normalising diplomatic and commercial relations between the two countries.

Direct air services were interrupted eight years ago as a result of the Falklands war. British Caledonian Airways operated scheduled services to Buenos Aires up to 1982. The airline has since been absorbed by BA.

The agreement will allow British Airways to resume a twice-weekly Boeing 747 service from Heathrow to Buenos Aires via Rio de Janiero and Sao Paulo in Brazil starting on January 20. Aerolinas Argentinas, the Argentine national carrier, will also start operating twice-weekly services to London next month.

BA said yesterday that the Buenos Aires route was "a very important addition" to the airline's South American services. However, the British airline also said it had no plans to invest in a direct stake in Aerolinas Argentinas.

The resumption of London-Buenos Aires air services has coincided with the decision of the Argentine authorities to privatise the national airline partially. In recent months, there had been reports of negotiations between Argentina and European airlines interested in acquiring a possible stake in the Argentine carrier.

BA also confirmed yesterday that it had signed a memorandum of understanding with Aeroflot to study a possible joint-venture to provide the Soviet airline with customer service training and systems facilities.

Separately, Rolls-Royce announced yesterday that BA is to buy two more Boeing 747-400 Jumbo jets powered by its RB211-524G engines, bringing its firm orders to 21 aircraft. BA has converted two of its 12 options on the Boeing 747-400 into firm orders.

New government sets out to assert its authority

By John Lloyd in Bucharest

CIVIL power in Romania is beginning to assert itself quickly after the mayhem of recent days. The Government formed by the Committee for National Salvation has already started to promulgate new laws and abrogate the worst features of the Ceausescu legislation.

Yesterday, the Government gave its first press conference since the revolution got under way. Mr Corneliu Bogdan, the new Minister-Secretary for Foreign Affairs (the number two post in the Foreign Ministry) said the first tasks of the new administration were to stabilise security, create new structures and attempt to revive economic life.

All the former government ministers have resigned, said Mr Bogdan, and their ministries were now being run by bureaucrats. A new government would be created "step by step". Yesterday, more of those steps were taken with the appointments both of Mr Sergiu Celac, a retired diplomat, as Foreign Minister, and Mr Bogdan as his deputy. Mr Constantin Oancea has been reappointed to his former post of Deputy Foreign Minister.

The Committee for National Salvation, ensconced in the Foreign Ministry since Tuesday and able to hold its first full meeting yesterday because of improved security, is presently 60-strong. Mr Silvio Brucan, a former UN ambassador and a veteran opponent of the Ceausescu regime, said it aimed to build up to 100 members, drawing new members from throughout the country from volunteers who would reflect the broadest national consensus.

He said that the "basic principle" was a separation of powers between the committee – a transitional force until elections scheduled for May – and the Government. Only Mr Petre Roman, the Prime Minister, retains membership of both bodies. The committee was meeting yesterday evening to elect an executive council, to consider applications for membership and to settle urgent organisational matters.

Both Mr Bogdan and Mr Dimitru Mazilu, the Vice President, stressed yesterday that Romania intended to open up to the world, especially to Europe. Mr Mazilu said that "together we are now free and I hope that Romania will be free to be a country in Europe. Romania will be a free country – not a communist country – it will be a real democratic country."

Mr Bogdan said that "the real point now is to restore the dignity of Romania in the concert of nations. We were pioneers of the Helsinki [human rights] process in the past and we will try to recover our place in the world".

Among the laws abrogated by the new government are those which "systematised" villages into industrial settlements; legislation which allowed workers and managers to be fined for not fulfilling planned norms; a law which confined people to one city or village; a prohibition on abortion in order to keep the birth rate high; surcharges on sugar meat and coal in villages; a code requiring six days of "patriotic labour" each year: and a command that all official conversations should use the address of "comrade".

All titles have been posthumously stripped from the late President and his wife Elena. Mr Bogdan said that the new government supported the decision – taken by the military – to put the Ceausescus on trial although Mr Ion Iliescu, the new President, had earlier said he regretted the decision to execute them after the two-hour military trial.

Shades of 1917 as the people savour fruits of revolution

By Judy Dempsey in Bucharest

IT COULD have been Petrograd, 1917. Young soldiers and teenagers were guarding the Central Committee building. It was 9.30 am. The engines of the tanks were running. Some soldiers were drinking hot tea, served by women in white coats. Others were still nervous. "Who are you? Who are you? You cannot come in until 10 o'clock. The army is holding a special meeting in here. You cannot come in."

I said nothing. Instead, my two friends from Romanian television, armed with a new Sony camera which they said they had "borrowed", pushed me through the tall iron doors into the dark hall.

There were no lights. The brass rods from what was once a clean, red carpet which stretched up the many floors of the Central Committee building, were either loose or else had been taken away.

The young guards, with armbands the colour of the Romanian flag, led us upstairs, their fingers on the triggers of their machine guns, with heavy steel helmets on their heads.

Up we went to the second floor. The password. A knock on the door. More security checks. A soldier named Ion, 22 years old, led us in. Before the revolution he was an engineer by day and a student by night. Now he was a member of one of the many revolutionary civilian committees which have sprung up throughout the country since last Friday.

This office was one of the nerve centres of the revolutionary civilian committee. Some young people were sleeping on the sofas. Others were looking at television which was replaying the macabre trial of the Ceausescus. Several other people were discussing what time the revolutionary councils would hold a press conference. Nobody seemed to be making any decisions.

Mr Mihail Valeriu, a commander who guards Mr Dimitru Mazulu, one of the leaders of the Council for National Salvation, apologised profusely when he saw a foreign woman.

"Please excuse me," he said, as he continued to shave in his vest. "But I have slept only eight hours since last Friday. And I have neither washed nor changed my clothes. But please, you can ask me any questions you like. And why don't you take a seat?" Despite the revolution, manners and courtesy continue to prevail in one of the main cells of these revolutionary committees.

Mr Valeriu said that when Mr Mazulu was dragged out of his home by the Securitate last Wednesday night and taken to the Jilava barracks, he thought he might have been killed.

"But they had no time. I tell you, the Securitate were completely unprepared for this kind of revolution. They had no time to kill him. The orders, I think, did not come through," said Mr Valeriu, a stocky 53-year-old engineer who helped build the Bucharest underground. As he went on shaving, young armed men and women continued to stream into the room, which was once the office of Ceausescu's private secretary.

One of the walls in the room was decked with books, most of them consisting of volumes of decrees and laws issued by the Romanian Communist Party since 1945.

On the lower shelves were books in French written by a number of 19th century French civil lawyers. One of the books was called "Principles of Civil Rights in France" by one S. Laurent. Dust on those covers were enough to reveal that they had been rarely consulted by Ceausescu's secretary.

But there was more than just dust on the third floor. I was shown the long passage, where, last Saturday, the Securitate, emerging from the network of underground secret passages which run right across the city, surprised the army who had then occupied the Central Committee building. A bitter and bloody battle had taken place in this corridor.

There was blood on the floor. The windows were shattered. The walls were full of bullet-holes. There were barricades set up at each end of the corridor. The place was mayhem, the scene of a long fight between Ceausescu's supporters and the new young revolutionaries. But the clocks were still working. It was 11.15.

"Time marches on. It must," said Mr Mihail Marin, an engineer at Romanian television. "But now we must start building the revolution." The young people have little idea what this means. For them, they are enjoying the fruits of their victory in what was one of the main citadels of power. But no more. Power, they told me, was now in the hands of the people.

Watched by an old woman, a student tends a makeshift shrine in the middle of the main street outside Bucharest University yesterday marking a spot where students were killed by Ceausescu supporters

Uncertainties that follow the end of an era

IAN DAVIDSON ON EUROPE

THE FALL of Ceausescu brings to a dramatic climax what has been an extraordinary year for democracy, liberalisation and the resilience of the human spirit. But the odds are that we have now had the best news; this has been the easy part, and from here on, the going is liable to get much tougher, and much rougher. In some cases, we may even look back at 1989 with wistful nostalgia, as a rosy dawn that promised more than it could deliver.

The good news is real enough, of course. Communist regimes throughout Eastern Europe have toppled under the weight of failure and popular protest, giving way to various degrees of democracy and pluralism. The Baltic states are pursuing their irresistible goal of national independence. In the Soviet Union, Mikhail Gorbachev still manages to remain astride his reform programme of perestroika.

Even the bad news has been a testimony to the power of the ideals of democracy and political freedom. The massacre of Tiananmen Square in June was a terrible reminder of the authoritarian nature of the Chinese regime, but it was also a measure of the democratic aspirations of China's youth. The civilised world denounced the bloody attempt at repression in Romania; but in the event, even Nicolae Ceausescu's brutal regime could not halt the tide of liberation sweeping over Eastern Europe.

Even in Southern Africa a benign spirit was abroad in 1989. How else can one explain in Namibia's election, the release of political prisoners in South Africa and the tentative overtures between the white regime and the black population?

In Eastern Europe, the collapse of communism marks the end of an era in relations between East and West. We do not know what the new era will look like, because of the colossal uncertainties hanging over the future of the Soviet Union and its six "allies". One thing is certain, however: the political, economic and strategic fall-out of perestroika and democratisation in the communist world will be the dominant concern in all the capitals of the developed world for the next 10 or 20 years.

When all the rejoicing has died down, no one can be sure that we shall not face yet other dangers and sufferings. The strategic stability once provided by rigid East-West confrontation and nuclear deterrence may in time be replaced by some other, more benign form of stability. Or it may be followed by a long phase of instability. No one yet knows.

Some features of the Gorbachev revolution are likely to prove permanent, however. The first of these irreversibilities is the death of the Brezhnev doctrine. Mr Gorbachev has declared that the Soviet Union no longer claims the right to impose its will on Eastern Europe. But this renunciation is not just a question of Soviet choice: in the new circumstances of today, the Soviet Union does not have the option of a risk-free disciplinary action against cowed satellites, but would have to engage in open war on several fronts against fierce resistance.

The second irreversibility follows from the first: the Warsaw Pact has been emptied of all operational military utility. For the sake of perestroika and the peace of the world, East European governments continue to pay lip service to their loyalty to the Pact, but in operational terms it is now an entirely hollow structure. Not merely can it not be used by the Soviet Union to impose central discipline on recalcitrant member states, it cannot now be counted on to function coherently in the hypothetical event of a conflict with the West.

This state of affairs is triply irreversible. Glasnost has exposed old national animosities between various peoples in Eastern Europe and the Soviet Union; plural and bourgeois governments emerging in Eastern Europe cannot be expected to fulfil their assigned roles as the foot-soldiers of the communist superpower; and as the victims of Soviet imperialism, they cannot subscribe to the fiction that the military threat comes from the West. The political disintegration of the Warsaw Pact could not now be reversed except by a second, and therefore much more violent, re-run of the process of conquest which took place during and after the Second World War.

The third irreversibility, therefore, is that the Soviet Union can no longer pose the old conventional military threat to Western Europe. By virtue of its vast size, its population, and its nuclear arsenal, it is still a superpower with a long history of strategic ambitions. So long as it remains a one-party communist state, it is manifestly a potential adversary of the European Community and the US. But the immediate military threat has shrunk out of all recognition.

The fourth irreversibility is the public acknowledgement of the wholesale political and economic failure of the Soviet system. If Gorbachev were replaced, another leader might revert to the familiar mechanisms of the command economy. But the bankruptcy of the command system has been so openly exposed, that the system could not recover its lost credibility in that way.

But even after all the good news has been added up, Eastern Europe remains in jeopardy to major dangers. What it needs most in the new post-communist era, is political legitimacy and economic success, and the first depends on the second; but these are the prizes which will be hardest to win.

For one thing, the probable time-frames may test the patience of the people to breaking point. Making democracy work for the first time will take two or three years at least; but making a market economy work for the first time will take much longer. In the meantime, there are clear risks of steep economic deterioration and political backlash.

Hungary and Czechoslovakia, with some folk memory of the workings of a modern economy, may have a reasonable chance of take-off. But the odds are heavily stacked against Poland and the Soviet Union, where politico/economic reconstruction might take 10 years or even 20. No one should be surprised if democratic pluralism proved short-lived in those countries, with the heaviest burden of political and economic failure; no one should rule out a right-wing, authoritarian, nationalist, even military backlash.

East Germany is no doubt better placed to survive the transition; partly because its economy is potentially less backward than some, but mainly because it will be propped up politically and economically by West Germany. The most serious problem is re-unification, which is now almost inevitable. This will cause anxiety to neighbours to east and west, but it will also create great political strains inside the two Germanys; a significant minority are likely to be hostile to re-unification, while the cost of sustaining the East German economy will cause great resentment in West Germany.

This is not to deny that 1989 has been a great year for liberty. Whatever the new risks involved in the democratic revolution, no salvation lay down the road of Stalinism. Nevertheless, it is prudent to remember that the opening of the Berlin Wall was not the end of the story; just the beginning.

'The task of revolution is incomplete'

By Judy Dempsey

ROMANIA'S National Salvation Front is now in the painful and difficult process of embarking on the transition from making the revolution to building the revolution.

And unlike the peaceful revolutions which have swept across Eastern Europe this year, Romania's young revolutionaries have had to face an enormous loss of life and bloodshed caused by fighting the Securitate.

"We are still in the middle of the revolution," said Mr Geza Tomokos, a 51-year-old editor of Kriterion, the Hungarian-language publishing house which is based in Bucharest.

"The revolution is not finished. Everything happened so quickly. Nobody can say what will happen tomorrow. Maybe we will have the energy to hold free elections by next April. The Government, however, is committed to party pluralism and free elections."

For years, Mr Tomokos spoke out against the Ceausescu regime. But now, after years of being censored, he finds himself in one of the inner sanctums of the National Salvation Front. And today, as he sees it, the most immediate goal of the Front and the new provisional government which is very much under its wing, is that peace and order should be restored as quickly as possible.

Mr Tomokos said: "This is the situation of the Government. But I must stress that we are not going above the people. It was society which gave birth to the National Salvation Front. It is the people who lifted us up. This [the Front] is for the people."

In the space of just six days, the Front has established networks throughout the country. But communicating with them is near impossible. Telephone and telex lines are unreliable, if not non-existent, since these were under the direct control of the Securitate.

More importantly, there is a shortage of typewriters, Xeroxing, fax and printing machines. Under the Ceausescu regime, private individuals were either banned from obtaining such equipment, or strictly monitored.

Anyone who owned a typewriter would first have to apply for permission to use one, and then would have to receive a licence and register the machine with the local Securitate authorities.

Under the Ceausescu regime, information meant power. And the power of the pen was the one most feared and most controlled by the Securitate.

That is why the battle for the headquarters of Romanian television was so intense and so bloody.

"The television is crucial for us," Mr Tomokos said yesterday.

Excerpts from trial of Ceausescus

A SUMMARY of the trial of the Ceausescus, printed by Tanjug news agency yesterday, shows how bitter the exchanges were between the unrepentant Romanian dictator and his military accusers.

Ceausescu and his wife, Elena, executed by an army firing squad on Monday, defiantly denied the right of the court to judge them and refused to answer questions.

But the accusations came thick and fast.

Prosecutor: "There are today more than 64,000 dead in all cities. You have forced poverty onto people. Learned people, true scientists, have left the country in order to escape from you. Who are the foreign mercenaries who are shooting? Who brought them here?"

Elena: "This is a provocation."

Ceausescu: "I refuse to answer that question."

Prosecutor to Elena: remarked: "Here is the illiterate scientist who could neither speak nor read," mocking her chemical engineering degree which took her to the pinnacle of the Romanian Academy of Sciences.

Elena: "I wonder what my colleagues, the intellectuals of this country, would say to this."

Prosecutor: "Do you know anything about genocide in Timisoara?"

Elena: "No."

Prosecutor: "All you did was science, polymers?"

Ceausescu: "Her works have been published abroad."

Prosecutor: "With what money were your works published abroad?"

Elena (shouting): "I am the president of the Romanian Academy of Science. I am the first deputy prime minister!"

Prosecutor: "What do you know about Timisoara?"

Elena: "I will answer no questions."

Prosecutor: "What can you tell us about the young people killed in Bucharest? The terrorists are members of Securitate, aren't they? Aren't they responsible to the commander-in-chief?"

Ceausescu: "The genocide in Timisoara..." (interrupted by the prosecutor).

Prosecutor: "I have finished with you. I am addressing her. How did General (Vasilie) Milea die?" (According to Ceausescu, Defence Minister Milea was responsible for the massacre in Timisoara and committed suicide on December 22. But later reports suggest he was murdered by Ceausescu's secret police.)

Elena: "Ask the doctors and the people."

Prosecutor: "Why did you accuse Milea of treason and why did you say that he had committed suicide to avoid your punishment?" the prosecutor asked.

Ceausescu: "Milea was a traitor and it was his own decision to commit suicide. The officers said he disobeyed orders for restoring order."

Prosecutor: "The last question: I have seen your daughter's villa. She had a golden kitchen scale."

Elena: "What villa? She lives in an apartment like everybody else. She has nothing. Incredible. What a shame."

Prosecutor: "Let Ceausescu tell us something about his Swiss bank accounts."

Ceausescu: "There is not a single account. You are a provocateur!"

Prosecutor: "All right, all right. There is no account, but if there is, do you believe that the money belongs to the Romanian state?"

Ceausescu: "This is a provocation."

Prosecutor (appearing to be willing to give Elena one last chance): "Elena Ceausescu, do you have mental problems?"

Elena: "This is a gross provocation. Aren't you ashamed of yourself?"

Prosecutor: "I ask you because if you are mentally incompetent, you have a chance. This is your last try. I will ask you several more questions."

Elena (to Ceausescu): "Don't say anything."

Ceausescu: "No court. I will not sign anything. I have fought for the people since I was 14 and this is our people."

The court withdrew to deliberate. Then the following was heard.

Verdict: "We consider the defendants guilty under articles 162, 163, 165 and 167 of the penal code and the court martial has reached the verdict today, December 25: The death sentence and confiscation of all property."

Counsel for the defence: "As a lawyer, I consider that all conditions under the law for putting the defendants on trial have been fulfilled. They can be sentenced if there is evidence, whether or not they sign anything. Had they pleaded mental incompetence, they would have had some chance of saving themselves. But they are in perfect control of their mental capacities. In view of the evidence, I find them guilty. Nevertheless, I ask the court that the verdict be not revenge. This court is as legitimate as the indictment against Nicolae Ceausescu and his wife."

Prosecutor: "They used violence during the 25 years they were in power. Violence was done by starving the people, denying them heating and electricity, and especially grave was the violence against the spirit (of the people).

"Innocent children were run over by tanks. You dressed Securitate officers into army uniforms in order to turn the people against the army. You ordered oxygen tubes in hospitals to be disconnected. You ordered explosives to be planted in storages where blood plasma was kept."

As Ceausescu listened with a grin on his face, Elena (ironically): "Yes, yes."

Prosecutor: "And now you are making fun of the court."

Elena: "They say we killed children. That is not true."

Prosecutor: "Defendant Nicolae Ceausescu.. (interruption by Ceausescu)".

Ceausescu: "I am not a defendant! I am the President of Romania and the commander-in-chief of the armed forces and I want to answer before the assembly ... You have betrayed the people. You have betrayed the independence of Romania."

Prosecutor: "I have nothing to discuss with you." The court rises.

Elena (to Ceausescu): "No dear, we will not rise. We are human beings."

Ceausescu again tries to say that he does not recognise the court, but is told: "The sentence cannot be appealed."

Thatcher praise for 'courageous Romanians'

By Robert Mauthner, Diplomatic Correspondent

MRS Margaret Thatcher, the British Prime Minister, yesterday sent a warm message of support to Romania's new President, Mr Ion Iliescu, thus effectively according diplomatic recognition to the country's government.

She praised "the extraordinary courage" of the Romanian people and promised British help.

"The British people have been following the recent tragic yet heroic events in your country with great sympathy and admiration for the extraordinary courage of your people," Mrs Thatcher said. "Britain stands ready to help in every way we can to help with the reconstruction of a peaceful and democratic Romania."

However, a more reserved tone was adopted by Mr William Waldegrave, a Junior Foreign Office Minister, who yesterday urged the new Romanian regime to establish the rule of law as quickly as possible to avoid "a bloodbath of revenge".

In a message to the new leadership in Bucharest, Mr Waldegrave said that how they behaved in the first days of assuming power would, to some extent, affect the shape of the country's future government and constitution.

Speaking on BBC Radio, Mr Waldegrave expressed understanding for the secret trial and executions of former President Nicolae Ceausescu and his wife Elena, "even if one might have hoped for something different".

One of Romania's leading dissidents, Mrs Doinea Cornea, right, going through a security check at the state television station

Middle Eastern leaders are embarrassed by past ties

By Victor Mallet, Middle East Correspondent

MIDDLE Eastern leaders have not emerged from the Romanian revolution smelling of roses. The cosy relationships between Middle Eastern regimes and the former tyranny of President Nicolae Ceausescu are turning out to be the source of considerable embarrassment.

Iran, which hosted an official visit for Mr Ceausescu at the start of the Romanian revolution, has blushed collectively. Mr Ali Akbar Velayati, its Foreign Minister, hurriedly sacked Mr Mohammad Jamshid Gowhari, his unfortunate ambassador in Bucharest, for failing to predict the future. Mr Velayati is himself under fire from members of Parliament. They want him to explain the visit, which the Iranian news agency calls the Foreign Ministry's "biggest goof".

The Iranian media now claim that Mr Ceausescu received a cold welcome, but it was not evident when he began the visit and agreed to buy Iranian oil and gas.

Iraq has little cause to gloat over the squirming next door in Tehran. Few regimes other than the one in Baghdad can boast so many parallels between their countries and Ceausescu's Romania, from the leader's grotesque personality cult to the fear inspired by the ubiquitous – and East bloc-trained – security police.

Israel, meanwhile, was quick to point out the close relationship between Mr Yassir Arafat, the leader of the Palestine Liberation Organisation, and Mr Ceausescu. "Birds of a feather flock together," declared the Israeli government press office, describing Mr Arafat as "Ceausescu's last friend" for having attended a recent party congress in Bucharest.

But Israel's dealings with Romania, a country which refused to break relations with the Jewish state in the aftermath of the 1967 Arab-Israeli war, were far from frigid. Romania has been a staging post for Soviet Jews emigrating to Israel, and it has been suggested that Romania was the go-between in the recent sale of Iranian oil to the Israelis.

As if to underline the Middle East's scant regard for democratic niceties, President Yang Shangkun of China – who is finding it hard to receive invitations elsewhere following Peking's crushing of the pro-democracy movement in June – is enjoying a tour of the Gulf at the moment.

Yesterday was a day for retrieving reputations. Libya denied any involvement in the fighting in Romania and said it was sending an aircraft with medicines. Israel is also planning to send medical supplies.

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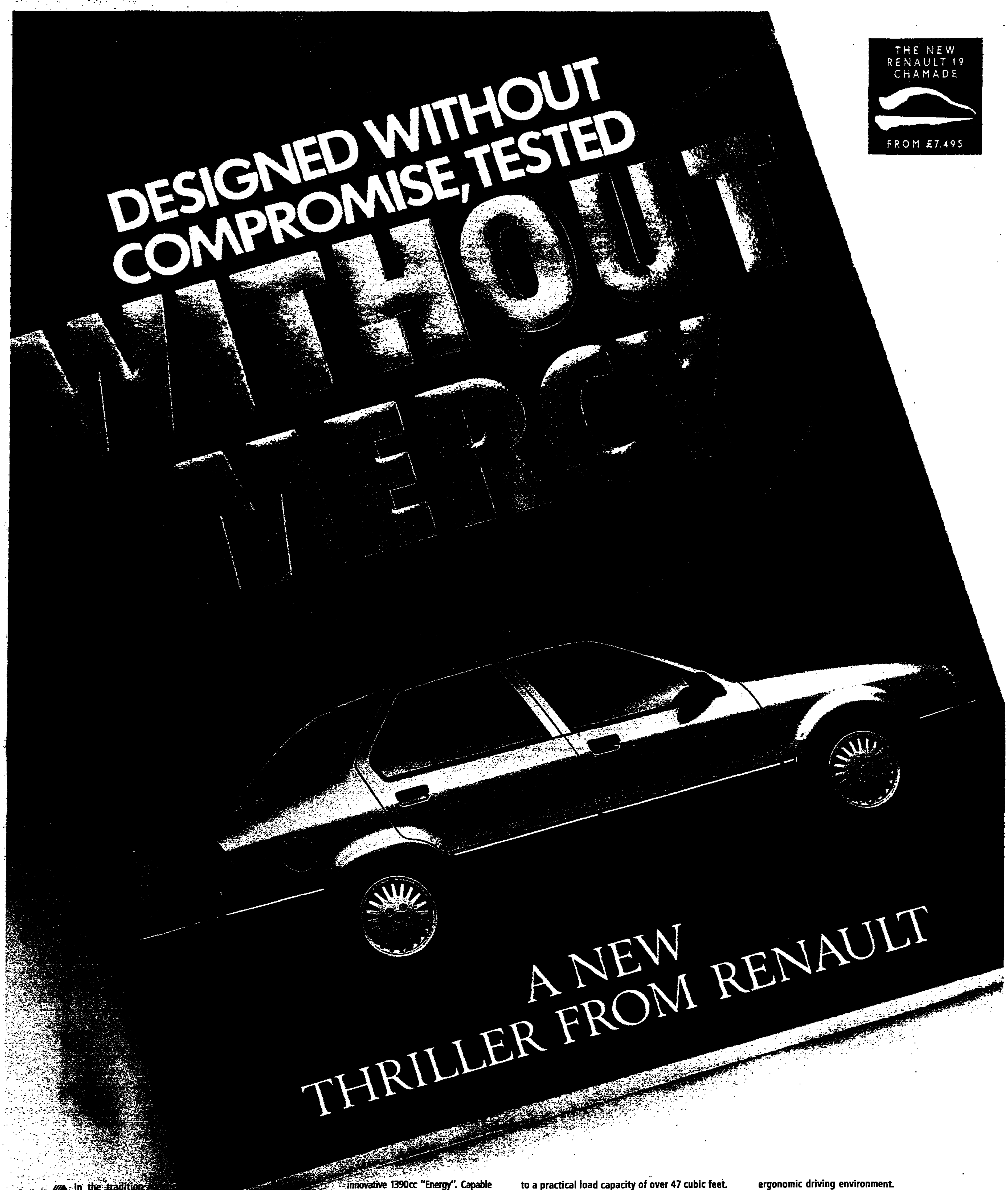

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APPOINTMENTS

COMPANY NOTICES

UK NEWS

Stores pin hopes on bargain sales to revive spending

By David Churchill, Leisure Industries Correspondent

SHOPPERS throughout Britain were out in force yesterday for the start of the traditional post-Christmas bargain sales as store chiefs hoped for a revival in consumer spending following one of the worst pre-Christmas levels of trade for many years.

In spite of the anticipated late surge in sales last week many retailers expect the volume of sales in December to be lower than a year before, even though inflation will still probably mean a record Christmas in terms of the amount spent.

Marks and Spencer, Britain's biggest retailer, said yesterday it was "satisfactorily happy" with the level of trade last week but pointed out it was too early to determine the trend in post-Christmas spending.

"Christmas came late again, as it has tended to do in recent years," said an M and S spokesman.

"Sales of clothing were particularly good."

Dixons, the electrical chain store at present under a £568m takeover threat from the Kingfisher Group, said yesterday that it had record sales of £60m in its Dixons and Currys stores in the week before Christmas.

The surge in sales last week was helped, so retailers report, by the fact that there were six full shopping days before Christmas.

"Once people woke up to the fact that it was Christmas, they started to spend heavily," commented one retailer yesterday. "But that won't be enough to make up for the slow start to the season for us."

Outside London the late pre-Christmas spending spree was reportedly less strong than in London and the south-east.

The start of the bargain sales yesterday in London and many parts of the country was more subdued than in recent years: the era of all-night queuing to pick up the bargains seems to have become a thing of the past.

"There were certainly people waiting at all entrances with ten minutes or so to go to opening time but the lines were not as long as in previous years," according to a spokesman for Liberty's department store in central London.

Liberty's said sales were up 7 per cent in value yesterday in comparison with the first day of the sales last year.

Given the mild autumn, when sales of winter clothing were sluggish, most retailers have been forced to cut prices sharply in order to dispose of stock.

TGWU signs single-union deal with British Steel

By Michael Smith, Labour Correspondent

THE TGWU general workers' union has signed a single-union deal with British Steel to enable it to represent workers at a new warehousing facility in Sheffield.

The agreement, which gives the TGWU – Britain's largest union – sole negotiating rights on pay and conditions, provides for strict safety safeguards, voluntary arbitration and a comprehensive programme of workforce training, the union said.

The deal meets the Trades Union Congress code of practice on single-union accords, which in effect prohibits unions from signing recognition agreements with a no-strike clause. Workers at the plant will retain the right to take industrial action.

British Steel said yesterday that the Sheffield agreement was the first single-union deal it had signed. The accord would enable it to achieve flexible working practices among the 135 employees who would work at the site on its completion in 18 months.

It would also enable British Steel to achieve staffing levels comparable with competitors around the world.

The new warehouse is to replace existing British Steel facilities in the Sheffield area.

IN BRIEF

Executives optimistic on prospects for 1990s

A SURVEY of chief executives and finance directors of 50 leading British companies has found that most by far believe the economy is entering the 1990s in better shape than it began the 1980s.

Nearly half – 48 per cent – of those questioned by Gallup, for the January issue of Management Today, expect a hard landing for the economy next year, while 40 per cent expect a softer touchdown.

However, 64 per cent of those questioned intend to maintain investment, with only 14 per cent planning cuts.

Chalker's top issues

MRS Lynda Chalker, Minister for Overseas Development, yesterday put "quality of life" issues at the top of the political agenda for the 1990s.

Mrs Chalker said more and more people wanted to create a cleaner and healthier environment.

Ambulance dispute

AMBULANCE controllers working in London's four regional offices will this morning refuse to move to work at the capital's city centre headquarters, according to union officials campaigning in a 15-week pay dispute.

Rail deaths fall

The number of railway staff killed at work is falling in spite of a rising trend in train accidents, according to the British Railway Inspectorate.

Vacancies decline

Employment prospects are at their lowest for two years, according to a survey by the employment agency Manpower, which says vacancies in most areas have fallen, with employers reluctant to increase their labour forces.

Job centre plea

THE GOVERNMENT was yesterday urged by Action Trust, a charity organisation, to open Job Centres for at least one evening a week as part of a package of measures aimed at helping the long-term unemployed return to work.

Disruption in North Sea oil production 'will cut earnings'

By Maurice Samuelson

DISRUPTIONS in North Sea oil production will cut the UK's oil earnings in 1989 to the lowest level since 1980, it was claimed yesterday.

The monthly oil index produced by the Royal Bank of Scotland and Radio Scotland predicts a rise in 1990 but says oil earnings in 1989 will probably fall to £1.3bn – half the previous year's level.

When production and prices were at a peak in 1985, North Sea earnings exceeded £8bn and transformed a £5.6bn deficit on other visible and invisible balances into an overall surplus of £3.2bn on the current account.

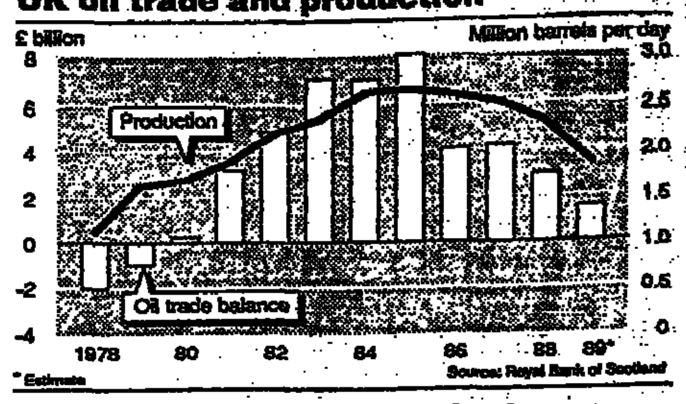
The latest North Sea shutdowns are reflected in the amounts of oil reaching the pipeline terminals – at Sullom Voe, in Shetland, Flotta in Orkney, and Cruden Bay, in north-east Scotland – and in the quantities loaded directly on to tankers.

Compared with 1987, Sullom Voe's throughput is down by 17.5 per cent, Flotta's by 46.2 per cent and Cruden Bay's by 29.2 per cent. Tanker liftings fell by 8 per cent.

Sullom Voe was affected by the eight-month shutdown of Shell's Brent Alpha and Cormorant Alpha platforms.

When output from those platforms resumes next year, the terminal's throughput will rise by 140,000 barrels a day, to take its total over 1m b/d again.

UK oil trade and production



Flows into Flotta were cut by the destruction of Occidental Oil's Piper Alpha platform in July 1988.

While the Piper field will remain inoperative for another two years, Flotta's throughput should increase by more than 50,000 b/d when full production resumes at Occidental's nearby Claymore field.

More oil should also reach Cruden Bay next year as British Petroleum starts to raise output from its declining Forties field by injecting gas into the oil reservoir.

The injection will boost production by 80m barrels over the field's life.

When the income from North Sea oil peaked in 1985, oil was selling for, on average, $21.50 a barrel.

When the prices halved in 1986, the contribution to the balance of trade was also halved.

Yet it was the production disruptions of 1988 and 1989, rather than the price fall, that were responsible for denting the latest trade figures.

Predicting "a different story" for next year, the Royal Bank index says production should recover to between 1.95m and 2m b/d on average.

It says: "Barring a collapse in Opec's discipline, oil prices should average at least $17.5 over the year."

In that case, oil's contribution to the balance of payments would approach £3bn and help to reduce the £20bn payments deficit.

Labour criticises water sell-off

By Andrew Hill

THE opposition Labour Party has again accused the Government of undervaluing the water industry, claiming that the 10 newly privatised companies will be "let off" up to £1.3bn in corporation tax over the next 10 years.

The Labour Party today publishes a report by Mr Stanley William Hill, an accountant specialising in public authority finance, which alleges that the value of the water companies' assets eligible for capital tax allowances exceeds by some £3.8bn the effective price at which the fixed assets were purchased on privatisation.

At a 35 per cent rate of corporation tax, Mr Hill argues that will eventually amount to excess tax relief potentially worth about £1.3bn over the next 10 years, depending on their future taxable profits and additional capital allowances on new investment.

Mr Hill claims that recent government announcements suggest the tax preference total may be as high as £2bn.

Mrs Ann Taylor, the Labour Party's water spokesman, said the Government had given special preference to water companies, which might mean that it had broken the law.

The Government announced the new companies' eligibility for capital allowances on plant, machinery and industrial buildings in November, just before they were floated. It set the total amount eligible for such allowances at £7.67bn.

As water authorities, the 10 were exempt from tax and a decision on the market value of their assets was complicated by the nature of the industry's infrastructure.

After consultation between the authorities and the Inland Revenue a figure was set on the basis of the depreciated cost of qualifying assets.

The 10 companies were sold for £5.24bn, from which Mr Hill subtracts cash injections of about £1.3bn to give the "effective purchase price payable for fixed assets."

Travel agencies tempt customers with one-day sale

By David Churchill, Leisure Industries Correspondent

BRITAIN'S leading travel agencies yesterday launched a post-Christmas price-cutting campaign in an attempt to boost sales of next summer's package holidays.

Lunn Poly, Pickfords, and Thomas Cook – the UK's top three travel agency chains – all offered holidays at varying levels of discount.

The biggest cut in prices came from Thomas Cook, which offered £120 per couple off its most expensive long-haul holidays, followed by Pickfords with £100 off and Lunn Poly with £70 off.

All those price cuts were on offer only yesterday, and early reports from travel agents suggested that many price-conscious holidaymakers were taking advantage of the discounts and booking summer holidays.

The travel agents hope that the publicity surrounding the price cuts will help to stimulate package holiday bookings, which are about 50 per cent down on the level at this stage last year.

The next few weeks will be crucial in determining whether or not demand for package holidays picks up. If not, tour operators are likely to reduce capacity for next summer further than the cut already made of nearly 2m holidays compared with 1989.

Travel agencies will also be forced into offering further discounts to attract sales, and that is likely to force many small, independent travel agents out of business.

Meanwhile Intasun, the second-largest package tour operator, published figures showing that Britons needed to work only half the time they did a decade ago in order to afford a package holiday.

In 1980, according to Intasun, it took a Briton on the average weekly wage just over 12 days to pay for a two-week summer package holiday then costing £230. For next summer, it says that about six days' work at average wages would pay for a typical £300 package deal.

BA's warm approach, Page 8

Mist surrounds future of chemicals at Mossmorran

Peter Marsh hears that local views are divided towards the £200m expansion plan for a Scottish plant

A DESOLATE stretch of moorland in Scotland seems a strange place to come across the pipes and chimneys of a huge chemicals complex, one of the biggest investments this industry has seen in Europe in the 1980s.

The mists, which often swirl around the site, at Mossmorran, near Cowdenbeath in Fife, fit in with the general fog surrounding the future for the plant and how it should be viewed in relation to the region's economy.

The £1bn facility is operated by Exxon, of the US, and Anglo-Dutch Royal Dutch/Shell, two of the world's biggest oil and chemicals companies, which went to Fife early this decade to set up a greenfield chemicals complex that would use ethane gas piped from the North Sea.

Close up, the steelwork at the plant, only five years old, looks bright and new. Even shinier masses of metal will soon be lifted into place if a £200m expansion plan by Exxon and Shell goes ahead. It is on that question that views are divided locally.

At the centre of the debate are arguments that are also being rehearsed in many parts of the developed world as the international chemicals industry, confident and prosperous after five years of steady growth, gears up for expansion. A key question for many communities relates to the need to balance the extra money and jobs promised by projects with the safety and pollution risks that many equate with large chemical production ventures.

People in the chemicals industry admit that the sector has had a poor record in recent years in relation to spillages and pollution. The industry's involvement in the transport and production of large amounts of hazardous materials reinforces the nervousness many outsiders feel about the sector.

Another issue, which in some ways contradicts the fears about pollution, has risen especially strongly in the case of the Fife plant, and relates to economic development. Historically, the region has been dependent on coal mining, and until the building of the Exxon/Shell plant had virtually no experience of chemicals manufacturing.

With the decline of mining and consequent heavy unemployment, the region around Mossmorran had good cause to brush aside some of the environmental arguments and welcome the 700 jobs provided by the plant.

Some residents would like the industrial build-up to go further. They argue that the complex should be enlarged to become the centre of a regional chemicals business. That could lead to more jobs – even though the potential environmental risk might become bigger.

Since the complex opened, all of its main product – ethylene, an important raw material in the chemicals industry which is used in the manufacture of hundreds of synthetic materials, including plastics – has been transported away rather than being used near the site.

Some local critics have attacked Shell and Exxon for not doing enough in "downstream development" – building plants in the region for plastics and other chemicals that would use the ethylene in relatively labour-intensive areas of production.

The plant at Mossmorran, Fife, may become one of the world's biggest such facilities

The expansion that the two companies are planning includes the plant increasing its annual output of ethylene from 650,000 tonnes to 900,000 tonnes, making it one of the world's biggest such facilities.

Neither company intends to use the ethylene locally. It will continue to be shipped, or piped, to the companies' plants in Belgium or in north-west England. The debate about the future of Mossmorran has to be finalised by mid 1990, which is when Fife Regional Council, the main planning authority, has to decide whether to authorise the expansion. Shell and Exxon want to finish the construction by 1992.

One person who has already decided on the merits of the proposal is Mr George Lochtie, 72, a retired British Rail controller. He has spent nearly all his life in the quiet coastal village of Aberdour, a few miles from the ethylene complex. Citing an underlying worry about safety, Mr Lochtie sides with other people in Aberdour who say the economic benefits of the chemicals factory do not outweigh the potential hazards. "I am very suspicious about what they [Exxon and Shell] want to do," he says.

Another view comes from Mr Robert Taylor, planning committee chairman of Kirkcaldy District Council, one of the two district authorities that have jurisdiction over Mossmorran. "Our main aim is to see more jobs and a more prosperous plant at Mossmorran," he says. "The safety fears have been overplayed."

Exxon employs a full-time community liaison officer in the form of Mr David Wright, who was brought up in the region. Mr Wright emphasises the lengths to which Exxon has gone to build up local links, such as a joint scheme with Fife College of Technology to train young technicians.

Mr Del Blake, a chemical engineer with Exxon, is in charge of the complex. He admits that not everyone locally has welcomed his company with open arms. But he says that on arguments over pollution the newness of the plant is a definite plus.

He says Mossmorran, unlike many much older UK chemicals factories, has a good environmental record. "We built this plant with the most modern [pollution control] technology we could find," he says. "We have readings of the air quality in the region before the plant was built – the quality was no different from what it is now."

Mr Blake underlines how the Fife ethylene complex is only one part of a chain of manufacturing operations in the European chemicals industry involving the transport of materials between dozens of plants in several countries.

He is sensitive about the issue of downstream development at Mossmorran. The possibility of either company moving in that direction cannot be ruled out, says Mr Blake. "But I would not want to be seen as dangling carrots. At the moment we definitely do not have any plans of this kind."

Mr Patrick Callaghan, leader of Dunfermline District Council, which has a border that runs through the Mossmorran complex, says he would like to see job creation maximised by the development of industries linked to the complex.

Those need not be involved only with plastics production or chemicals, he says. Another idea would be to use waste energy from the plant in heating glasshouses for market gardening.

On the general question of economic expansion, Exxon and Shell have produced what they hope will be a trump card in the shape of a report sponsored from economists at St Andrew's University.

The report says that for every job created over the past five years directly at the Fife ethylene complex, spending by the plant in the Scottish economy has created twice that number of jobs – 1,500 in all – in other industries from retailing to government services. Of these indirect jobs, roughly half have been in Fife and the rest elsewhere in Scotland.

The two companies will, over the next few months, be drawing maximum attention to the study in the hope that it will swing the political arguments regarding the expansion in their direction.

BR launches service for domestic tourist market

By Paul Abrahams

BRITISH RAIL is to launch a summer service aimed at the rapidly expanding domestic tourist market, targeting those who previously chose the Mediterranean or used their cars for UK holidays.

The Holidaymaker service, which is to start in June, is a development of the traditional Friday and Saturday holiday specials.

These have run for many years during the summer months from Scotland, the north of England, the Midlands and London to resorts in the south-west.

British Rail admits that in the past the trains were old and slow, and often had no refreshments available in spite of the long distances involved.

Improvements to the new service include:

- Rolling stock will be upgraded, with most trains made up of InterCity coaches, and food and drink will be available on all trains.
- Seat reservations will be obligatory, but there will be free upgrading to first class on a first-come-first-served basis to encourage early booking.
- Lower-priced fares will be available on night trains.

Last year, the English Tourist Board reported that most domestic holiday operators enjoyed record demand after warm summer weather and disillusionment over flight delays. BR expects 400,000 passengers to use the Holidaymaker service next year.

Links sought for radio bid

By Raymond Snoddy

MR Robert Sillerman, who is believed to be the largest investor in US radio, said yesterday he intended moving into the UK commercial radio market.

Mr Sillerman, chairman of the Sillerman-Magee Communications Management Corporation, which has a media investment portfolio worth more $1bn (£617m), said he was looking for partners to bid for one of Britain's new national commercial radio networks.

His company has stakes in 70 US radio stations and he recently visited the UK to look at the developing commercial radio market.

The Broadcasting Bill, published this month, envisages the creation of up to three national commercial radio networks and several hundred local and commercial stations.

Mr Sillerman is co-chairman of Metropolitan Broadcasting and owns and operates four radio stations in New York, Philadelphia and Los Angeles. He sees Britain as a toehold for ventures across Europe.

Sillerman-Magee might make its first investment in UK radio next year.

Bus engine trials to save Routemaster

LONDON Regional Transport is assessing engines from five companies in an attempt to prolong the life of its Routemaster double-decker buses.

The British-built Routemasters – the most familiar of London's buses – are a quarter of a century or more old, and a total of 700 are still in service. However, their engines are nearing the end of their useful life.

LRT is evaluating engines from Leyland DAF, of the UK; Iveco, of Italy; Poland's Bezatel; Ashok of India; and Cummins of the US. Installation of new engines is expected to start in the spring at a cost of £3m.

Routemasters, with their open platforms that allow passengers to jump on and off, have proved popular with passengers throughout the world as well as in London.

They are used in China for transport, while the Japanese and Americans favour them as travelling restaurants.

Labour must harness opposition to defeat Thatcher, Owen says

By Ralph Atkins

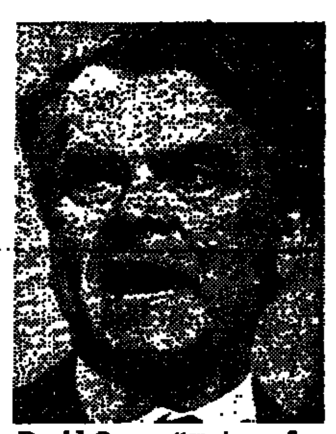
DR David Owen, leader of the Social Democratic Party, yesterday warned opposition politicians not to write off Mrs Margaret Thatcher, who he said was still likely to win the next general election.

Mrs Thatcher was a "resilient politician" and did not have to face the electorate for another two and a half years, he said. In political terms, even the economy was not as bad as it looked.

In a new year message to his party, he said the opposition parties would stop the Conservatives at the next election only by combining forces. "Labour will not have earned the underlying trust and solid regard necessary to win on their own," he said.

His comments appeared to be an admission that his party would remain on the political sidelines at the start of the 1990s.

On the economy, Dr Owen, said: "The serious balance-of-trade deficit is offset politically by a substantial budgetary surplus."



David Owen: "system of electoral roulette"

That allowed the Government to increase spending on popular projects.

"There are many voters that can be pleased by 'little things which mean a lot' – war widows, Barlow Clowes investors, haemophiliac sufferers, even the poll-tax payers have all felt the benefit of the Government's selective largesse. There will be many more groups benefiting before polling day," he said.

Dr Owen acknowledged that Labour was doing well in opinion polls, but added: "The probability remains that Mrs Thatcher will lead the Conservatives at the next election and will hold on to government."

Her success was likely to be with a smaller number of MPs in the Commons and a lower share of the popular vote.

"But under our system of electoral roulette it could still be enough to ensure government," he remarked. "People want the opposition parties to put their heads together. Labour wants power, but to win power it must harness the forces of opposition. The harness which all of us will willingly work within is a commitment to legislate for proportional representation."

Sales slide continues for Correspondent

By Raymond Snoddy

THE GRADUAL slide in the circulation of The Sunday Correspondent, the quality newspaper launched in September, appears to be continuing.

Sales on Christmas Eve dipped below 240,000, according to industry estimates, although the Correspondent was still awaiting figures yesterday. That compares with 254,000 the previous week, 285,000 in the last week of November and a break-even target of an average of 360,000.

The Sunday before Christmas is traditionally a bad day for newspapers – both The Sunday Telegraph and the Observer are believed to have slipped well below their normal weekly sales.

Mr Peter Cole, editor of the Correspondent, yesterday said the paper's performance so far had been paradoxical. "Naturally I think the paper continues to improve, and yet the circulation continues to decline," he said.

If Sunday's industry estimate of the circulation of less than 240,000 is confirmed, it would suggest danger signs one month before the paper faces a new rival in The Independent on Sunday – which is due to start publication on January 28.

At the beginning of this month, Mr Nick Shott, chief executive of The Sunday Correspondent, admitted that it would have difficulty if circulation dropped below 220,000 for an extended period.

Mr Cole said the Correspondent should begin picking up circulation from January 7. To attract new readers, they will offer a book serialisation and comic strips, and launch a television advertising campaign.

If sales of the Correspondent fail to pick up before January 28, it is likely to face difficulties in holding its circulation above the 200,000 mark, at least while readers are trying out the Independent on Sunday, which is also to be pitched at the quality market.

Mr Cole conceded that February would be a difficult month for his paper, but insisted that morale was high. "We are absolutely determined here to see it through and that goes for our investors, too, which is vital. But it's going to be a dogfight in 1990."

- Mr Philip Bassett, home editor of the Correspondent, is in the process of leaving the paper after a difference of opinion over the future direction of the news pages. Mr Paul Valleiy, a former Times and Mail on Sunday journalist has been appointed to the post.

New Rover car prices up by over 5%

PRICES of the Rover Group's Rover 214/216 range are being increased by just over 5 per cent, less than three months after the cars first went on sale, writes John Griffiths.

The rises are contained within what Rover describes as an average 4 per cent increase across all its models to take effect on January 1.

The Rover announcement forms part of what has become in the UK a traditional new-year round of car price increases.

Ford, the British market leader, which customarily sets the pace in pricing, has already announced that its cars will cost an average of 4.4 per cent more from January 2. Other volume car makers and importers are expected to follow suit shortly.

The January increases follow a year in which most volume car makers have raised their prices by 8-9 per cent, which is higher than the rate of general inflation.

The Rover increases mean that the basic 214Si will cost £9,215, up from £8,775, and the range-topping 216Gsi £11,490 (£10,940).

The increases do not apply to cars already held in stock by dealers.

Sales of new heavy trucks may fall as fears mount over market

By John Griffiths

SALES OF new heavy trucks in the UK might fall by 30 per cent in the opening months of 1990 compared with the same period this year, according to Mr David J. B. Brown, chairman of AWD, the Dunstable-based truck maker.

He said his company was viewing the shrinking UK market with mounting concern, but hoped for a recovery later in the year, giving a market in 1990 for trucks of 3.5 tonnes only 10 per cent below this year.

Mr Brown acknowledged that AWD, formally the Bedford subsidiary of General Motors, had suffered a "major disappointment" this year when the Ministry of Defence awarded a £155m military truck contract to Leyland DAF – the first time since the Second World War that the MoD had failed to order Bedfords.

He said AWD truck output for 1989 would be about 5,000 units. That compares with figures from the Society of Motor Manufacturers and Traders which show that it produced 5,709 trucks last year, and with Mr Brown's own prediction in 1988, that AWD's output this year might reach 7,000 to 8,000.

In common with other leading UK truck makers, such as Leyland DAF and Iveco Ford, AWD is reacting to the falling UK market by introducing a four-day week after the new year holiday.

Mr Brown said he expected AWD's production of conventional trucks in 1990 to be about the same as this year, although short-time working might last until March.

The company is to rationalise the 97-acre Dunstable site, and will sell part of it in 1990 to help to fund its product development programme, which Mr Brown said had cost £15m over the past two years.

AWD is part of a group of companies owned privately by Mr Brown, a Yorkshire entrepreneur. Apart from AWD, the principal company is Artix, based at Peterlee, Co Durham, is the world's biggest manufacturer of articulated dump trucks. Its entire output is sold to Caterpillar, the US construction machinery company.

Executives at AWD say the drop in its production is because the company is taking longer than expected to set up the dealer network and production facilities it needs to re-enter the civilian truck market which was vacated by Bedford several years ago.

They say it also reflects the gap in its military truck programme by the loss of MoD business and difficulties caused by aggressive Japanese pricing in Third World markets, where AWD inherited large markets from Bedford and where it still supplies trucks and truck kits under the Bedford name.

Mr Brown said a widening of AWD's civilian truck range next year would compensate for the decline in other areas, and there were no plans to reduce the 1,100-strong Dunstable workforce, which has dropped by about 100 this year through early retirement and other natural wastage.

The drop in employment is said to be linked in part to AWD's decision to phase out engine production at Dunstable in favour of buying in units from companies such as Perkins, Caterpillar and Cummins.

To help fill the Dunstable production lines, AWD is to transfer production of the group's Multidrive articulated construction trucks from a facility operated by BDE, another group subsidiary, at Stockton-on-Tees.

Dunstable will also build a rough-terrain forklift truck, to be named TMH, for telescopic materials handler. The two additions are expected to generate another £10m turnover.

In spite of the market gloom, Mr Brown has held out the prospect of AWD's producing up to 15,000 trucks a year.

Advertising in Spain

Riding high on an economic surge

Marina Specht on the rapid structural and creative changes that have been altering the face of the industry

When Kurt Schmidt moved to Madrid 21 years ago to help set up Young & Rubicam's first Spanish office, his main competitors were old-fashioned local advertising agencies with little know-how and almost no international experience. Adverts had to be approved by Franco's censors before they were aired, in black and white, on the only existing national, government-owned TV network. Advertising budgets, he says, were "ridiculous" by European standards.

A lot has changed since then in an industry that is profiting like no other from Spain's current economic surge. Spending on advertising has more than doubled in the past three years to Pts 685bn (£3.8bn) last year and the country's top 10 agencies – all of them foreign owned – are showing huge annual growth rates, ranging from 30 per cent to more than 70 per cent in 1988.

This year, advertising spending is expected to soar 28.9 per cent at current prices (21.9 per cent after inflation is subtracted out), according to a study by Saatchi that lists Spain as the fastest-growing advertising market in Europe.

Not even the Government's tough credit restrictions introduced earlier this year to curb consumer spending have clouded the picture – so far. As manufacturers continue flooding Spanish supermarkets with new products, from imported beer and phosphate-free laundry detergent to low-calorie margarine and ready-made Italian pasta dishes, J Walter Thompson, the US agency network owned by WPP, predicts 20 to 25 per cent annual growth in advertising expenditure for the next two years.

At present, Spain is the fifth largest advertising market in the EC, after the UK, West Germany, France and Italy. But "it could easily move up to number three or four in the European ranking in the next few years," says German-born Schmidt.

On the creativity side, Spanish agencies have made a name for themselves at international advertising festivals and some of their work is even being exported, like the current pan-European Gordon's gin campaign by Danis Benton & Bowles, Madrid.

So it is not surprising that many US and European-based multinational agency networks are seeking to strengthen their presence in Spain.

Grey, for instance – number 18 in the Spanish agency ranking with gross income of Pts 774m last year – is looking to buy a second agency in Spain to improve its current position, while Leo Burnett is merging its Madrid office next month with a local agency, Vitruvio, which was formerly linked to the French SCA group. The resulting company, Vitruvio-Leo Burnett, is forecasting billings of Pts 9bn for 1990.

Meanwhile, SCA acquired a 25 per cent stake in Cid, Spain's largest independent agency, earlier this month. Schmidt himself, founder and president of HDM Spain, is selling his remaining 5 per cent stake to HDM Inc. and leaving the agency to start a creative "hot-shop" called Frick, Massana, Schmidt & Ecom.

"I never got as many phone calls from multinational agency groups asking for advice on what company to buy in Spain as I did this year," says Luis Bassat, president of Bassat, Ogilvy & Mather. "The problem is there really isn't much left to buy."

Over the past 10 years, and especially since Spain's entry into the EC in 1986, local agencies have fallen prey to foreign investment one after another. Some even sell out only weeks after they are started, like Solucion Diagonal, which teamed up with French-based BDDP in March 1988, a month after its founding by former top executives of Alas, an agency that was itself snapped up by Saatchi & Saatchi's BSB group.

On the other hand, growing demand has pushed up the prices of Spanish agencies to unprecedented levels, analysts agree. A 100 per cent share of Contrapunto, a local agency with an outstanding creative reputation and an expected gross income of Pts 1.5bn this year, would cost about Pts 2bn.

But Contrapunto is not for sale. After rejecting dozens of foreign offers, the agency's management team, led by Teo Marcos, finally agreed to sell a 30 per cent share to New York-based BBDO Worldwide last year because "we needed an international link-up, but didn't want to lose our independence." The marriage with BBDO helped it pick up the $12.7m Alfa Romeo car account last month, formerly handled by Conquest Europe.

Imported drinks and other products flooding on to Spain's markets, despite tough credit restrictions introduced by the Government earlier in the year to curb consumer spending, are helping to fuel a surge in adverting

An alternative to paying huge sums for an existing agency is starting one from scratch; last April the Anglo-French Belier WCRS group set up a joint venture with a Spanish partner, Pedro Ruiz Nicoli, called Belier WCRS Espana.

Belier's Spanish operation includes two agencies in Barcelona and Madrid, a specialised agency for financial advertising and a company involved in sponsorship, with combined billings of Pts 5bn in its first seven months.

What makes Spain so attractive to agencies and marketing service companies today is the fact that many of their international clients are investing heavily in the Iberian peninsula, not just acquiring local competitors but expanding into related product areas and developing new products. Spanish markets are generally less saturated than their northern European counterparts and Spanish consumers – especially the young – are adopting new, more European, buying habits. This trend is creating countless opportunities for marketers.

Multinational brewers such as Guinness, Heineken and Kronenbourg, for instance, are strongly promoting their imported beer brands, as beer consumption is growing in Spain at the expense of wine. Total advertising expenditure in the beer market has shot up from Pts 256m in 1984 to Pts 3.6bn last year.

Spending is also booming in the financial sector, the pet food market and the oil industry, where the current liberalisation process is allowing companies like British Petroleum and Shell to open petrol stations for the first time and others, like Mobil, Pennzoil and Oliofiat, to sell imported lubricants.

The state-owned Spanish oil company Repsol spent a record Pts 2.5bn between the months of March and May this year to promote its flotation on the Madrid and New York stock exchanges; and the Spanish Government, itself Spain's largest advertiser, commissioned campaigns worth Pts 109bn in the first six months of 1989, which was more than it spent in the whole of last year.

Fuelling the growth in advertising spending are steep increases in media rates, specially on TV, where prices have increased well above the inflation rate in the past few years. "In the early 1980s, Pts 40m was a reasonable amount of money to spend on a national ad campaign in Spain," says Basset. "Nowadays, unless you spend at least Pts 100m I'd say I'm pessimistic about the result."

The arrival of private TV in Spain – three privately-owned national stations will start broadcasting early in 1990 – is expected to push up the cost of advertising even further.

The industry expects the cost of launching a new product to cost at least 15 per cent more next year, as the lack of information about the audience likely to be attracted by the new TV stations will force advertisers to book space on all three of them, at least initially.

Therefore, media planning and media buying, two fairly under-developed areas in Spanish agencies so far, are becoming crucial aspects of their work for clients.

"To get the largest possible discounts, you'll have to have a media buying volume of at least Pta 30bn a year," says Contrapunto's president, Teo Marcos.

To reach this kind of volume, some Spanish agencies, including Contrapunto, are currently negotiating with one or more of their competitors to merge their media buying operations – a trend that is "revolutionising" the industry, say insiders.

BA's 'warm' approach

David Churchill on the UK airline's latest marketing focus

The biggest and most elaborate television commercial on view in the UK over Christmas was undoubtedly British Airways' new global advertising campaign, made by the Saatchi and Saatchi agency and directed by Hugh Hudson of Chariots of Fire film fame. It features a cast of 4,000 extras set amidst the dramatic scenery of the American mid-west, and with appropriately stirring music from Delibes' opera, Lakmé.

With a total advertising spend of £14m budgeted for 1990, BA hopes to reach more than 600m people throughout the world with its message aimed (so Saatchi and Saatchi reveals) at "bringing more warmth and humanity to the airline's professional and efficient personality."

Such advertising jargon is well in keeping with British Airways' increasingly marketing-led approach over the past few years since its privatisation in 1987. Its marketing department, once seen virtually as little more than simply a sales and reservations office, is now regarded (both within the airline and outside) as one of the driving forces behind BA's projected growth in the 1990s.

To reinforce this approach, Sir Colin Marshall, BA's chief executive, has brought in a clutch of senior marketers from fast moving consumer goods (fmcg) companies such as Procter and Gamble, Unilever, Mars, and Whitbread. Heading the department is Liam Strong, a former senior marketing executive with Reckitt and Coleman, who joined BA last year.

Not surprisingly, the influx of external marketers (about half the marketing department were previously with fmcg companies) has prompted much talk within the BA hierarchy of concepts such as brand awareness, market segmentation, and product databases.

Strong believes this dovetails neatly with the "putting the customer first" corporate philosophy brought in by BA in the mid-1980s to counter its abysmal market image at the beginning of the decade. "Most airlines, and BA was once one, saw their business in terms of having aircraft which they then had to fill up with passengers," he says.


British Airways' latest campaign: a cast of 4,000

"Our approach now is the one that most fmcg companies would adopt: first you find out exactly what it is that the customer wants and then you create the product that best fits the bill."

Thus when BA re-launched its business class service last year – and its first class service earlier this year – it interviewed several thousand regular travellers to find out exactly what they wanted before bringing in the revamped operations.

At present, moreover, extensive market research is being carried out into what economy class passengers want from the airline before the planned relaunch of the economy service later next year.

"We are only really so far scratching the surface of the leisure travel market we expect to see in the 1990s," Strong points out.

Each separate category – first, business, and economy – is also now regarded as a separate brand within BA, with its own dedicated brand management team similar to that in a food or pharmaceutical company. Most airlines, in contrast, define their marketing operations geographically or according to aircraft type.

BA's move to brand marketing, however, has not developed without some internal resistance from non-marketing areas. "It's quite right that other people within the airline should look critically at our ideas," insists Strong.

"It would be alarming if there wasn't some creative conflict, especially in a business such as ours where marketing changes can lead to a large investment in new assets."

Strong, not surprisingly given his background in consumer goods marketing, is a firm believer in advertising support for brands. "But we have to find the right balance between support for our core brand of BA and for the sub-brands of actual products," he says.

Strong and his colleagues decided that, six years after BA's last image-building campaign (a commercial with sc-fi overtones based on Manhattan flying through the air), it was time for a new corporate campaign. "We felt it time to put more emphasis on our 'umbrella' brand, not just in the UK but in many of our overseas markets," says Strong.

"We keep a careful check on how we are perceived, especially abroad, and this indicated we needed to soften our image." Hence the television commercial showing people rapturously greeting each other, interspersed with the creation of a smiling face when viewed from the air made up from thousands of people wearing different colours.

However extravagant the commercial may seem on first viewing, Strong insists that it offers good value. "Because it is so visual, it can be used in any market and means that we can undertake a global campaign for about half the cost of traditional advertising created for different markets."

Television reflects a dramatic decade

Our television critic Christopher Dunkley looks back over 10 years which have seen the coming of Channel 4, breakfast television, and Sky; the fighting of umpteen wars in front of the cameras; the Thatcherite revolution in Britain; and the fall of communism in Europe, and contrives to produce a thumbnail sketch of each year in terms of what we saw on our television screens.

1980

Television's fictional images of violence were over-shadowed by the real thing. Russia sent troops into Afghanistan, Iraq and Iran went to war, and the climax of the *World Snooker Championship*, sponsored by a well know brand of cigarettes, was interrupted by a news flash in which the SAS obligingly acted out the phrase "Light up an embassy" when they stormed and re-took the building where Iranians were holding 19 hostages. John Lennon was shot dead. Anthony Thomas's drama-documentary *Death Of A Princess* about the execution of a princess and her lover caused a huge diplomatic row. *Soap* came to the UK with a wonderfully refreshing attitude towards the subjects permissible in sitcom: mother and daughter had affairs simultaneously with the same man, a ventriloquist son imagined his doll to be human, and Bert believed that when he flicked his fingers he became invisible. *Monty Python* alumnus John Cleese was successfully cast as Petruchio in *The Taming Of The Shrew* after Jonathan Miller took over as the chief driving force behind the BBC's complete Shakespeare, and Jonathan Powell (now Controller of BBC1) produced a splendid *Pride And Prejudice*. The *Dallas* episode revealing who shot JR attracted 27.5m viewers.

1981

Spectacular and dramatic events dominated the year. When Prince Charles married Lady Diana Spencer at St Paul's in July, the ceremony was transmitted live in 74 countries and the audience was estimated at 750m, the biggest ever. Ronald Reagan, Anwar Sadat and the Pope were all shot, Sadat fatally. Roy Jenkins, David Owen, William Rodgers and Shirley Williams formed the SDP and for a while every move they made was televised. Alasdair Milne succeeded Charles Curran as Director-General of the BBC. With the new ITV franchises ATV, Southern and Westward disappeared and Central, TVS and TSW were born. The BBC licence fee rose to £46. John McEnroe ended an era by beating Bjorn Borg at Wimbledon. It was an outstanding year for drama serials. Granada's *Brideshead Revisited* set a new standard for sheer quality which has yet to be surpassed; perhaps it never will be. *The History Man's* sexual activities were enacted by Anthony Sher with unusually graphic detail and Helen Mirren and partner provided one of television's sexiest-ever scenes under the shower in *Mrs Reinhardt*. *Hill Street Blues*, *Private Schulz*, *Bread Or Blood*, and *The Hitch-Hiker's Guide To The Galaxy* were all excellent.

1982

Affected, no doubt, by years of television viewing, Mrs Thatcher decided that violence was the answer to difficulties in the Falklands and went to war. A handful of broadcasters accompanied the Task Force, but the most vivid reporting came from newspaperman Max Hastings, the radio reporters, and quick-sketch artists, just like those who served the *Illustrated London News* from the Crimea. The Ministry of Defence proved that if the theatre of war is remote enough, and satellites unavailable, the modern mass media, however "free," can be almost entirely subjugated. There was a lot of good mainstream serial drama: *Airline* delighted Dakota freaks; in *Muck and Brass* Mel Smith played a straight villain; *Too Late to Talk to Billy* starred Kenneth Branagh (not then canonised) in a powerful story about Northern Ireland, and Alan Bleasdale gave us *The Boys from the Blackstuff*. *Mastermind* celebrated its 10th anniversary, *The Sky At Night* its 25th (with Patrick Moore still refusing to use an autocue) and we saw the start of *One Man and his Dog* and *40 Minutes*. On November 2 Channel 4 came on air, starting as it intended to go on, with a game show.

1983

The BBC beat The Famous Five to the breakfast time audience and astonished everybody by marginalising its strengths (a worldwide infrastructure in news) and going for the *Woman's Own* market. Frank Bough and Selina Scott sat on a sofa, he in a woolly jumper, she in some couture creation, and offered object lessons in relaxation. TV-am opened two weeks later with Robert Kee, Angela Rippon, Anna Ford, David Frost and Michael Parkinson and proved that in television big names alone guarantee nothing. Margaret Thatcher won another election and Neil Kinnock became leader of the Labour Party. *Top Of The Pops* transmitted its 1000th edition and *Dr Who* celebrated its 20th birthday. Charlotte Cornwell appeared as a rock singer in *No Excuses*, was ridiculed by a television critic for the size of part of her anatomy, took £10,000 in libel damages, and as a result of the case has been known to certain people ever since as "Big Bum Cornwell". Best drama of the year was Alan Bennett's story of Coral Browne visiting Guy Burgess in Moscow, *An Englishman Abroad*. Worst was *The Cleopatras*. Channel 4 screened its archetypal programme: *Quilts in Women's Lives*.

1984

The year of India. In the spring the BBC was ridiculed for showing the slushy American/Australian romance *The Thorn Birds*, with Richard Chamberlain raising his cassock, while ITV gave us Granada's magnificent dramatisation of Scott's Raj Quartet, *The Jewel in the Crown*. India was also the setting for *The Far Pavilions* and *Kim*. The storming of the Sikh temple and the assassination of Mrs Gandhi ensured that India featured in news programmes too. The Aids virus was identified but scarcely mentioned except as a foreign news story. Reggie Bosanquet, Tommy Cooper, John Betjeman, Eric Morecambe, and Leonard Rossiter – all television naturals – died. One of the biggest news events of the year was the bombing of the Grand Hotel in Brighton where half the Cabinet was asleep. Four people died, and we saw harrowing pictures of survivors, including the Tebbits, being extricated. There were three memorable documentary series: *All Our Working Lives* (BBC), a classic which made telling use of archives; *Decade of Destruction* (ATV), which vividly explained the socio-geographical complexities of the razing of the Amazon jungle; and *28 Up* (Granada) which revisited people first interviewed when they were seven. *Spitting Image* and *Alas Smith And Jones* were launched.

1985

A year of terrible disasters: the Ethiopian famine, the Bradford City fire, and the ghastly business at the Heysel Stadium. They were conveyed to us only too vividly by television. At Bradford and Heysel the cameras were present to broadcast supposedly pleasant sporting occasions which went appallingly wrong. The ethics of screening such horror were deeply problematic: public information or exploitation of private tragedy? At least television was able to contribute in the case of Ethiopia by beaming Bob Geldof's *Live Aid* concert to 150 countries and (perhaps, who knows) 1 billion viewers, thus helping to raise £50m. *On the other hand* the crash of the Air India flight into the Irish Sea had to be represented by pictures of pathetically small bits of wreckage being fished out. It was yet another strong year for British serial drama: *Edge of Darkness*, a thriller with mysticism and an apocalyptic climax, was best, but *The Price*, *The Beiderbecke Affair*, and *Blott on the Landscape* were all good, and *Bleak House* was the best televised version of Dickens ever. *EastEnders* and the televising of the House of Lords began. Mikhail Gorbachev became Soviet premier.

1986

The two best drama serials I have seen in 20 years as a critic both turned up in 1986: Dennis Potter's *The Singing Detective*, and Edgar Reitz's *Heimat*. The first was a complicated interweaving of psychological biography, thriller and music and the second a seemingly mundane tale of German village life, almost soap-like in its simplicity. Both were engrossing and left you longing for more. The royals, already past masters of television, outdid themselves. Andy married Fergy, the Germans sent us *Royalty*, a better documentary series on our royal family than anything ever made in Britain, Alastair Burnet did some extraordinarily respectful interviewing, the king and queen of Spain came to call, and home grown offerings included *Fanfare for Elizabeth* and *Happy Birthday Dear Ma'am*. Television became obsessed with persuading us that, whatever the evidence, all heterosexuals were at risk from Aids. Challenger exploded. So did Chernobyl. American planes flew from England to bomb Libya and Norman Tebbit lashed the BBC for its reporting of the incident. The BBC was not helped by its own silly claim that a drama called *The Monocled Mutineer* was "true". But *A Very Peculiar Practice*, also BBC, was the wittiest drama for years.

1987

The year Bootsie and Snudge died: Alfie Bass (Bootsie) in July and Bill Fraser (Snudge) in September. The characters originated in Granada's sitcom *The Army Game*, one of the popular series with which ITV knocked the stuffing out of the BBC *in the mid fifties*. The characters – whining, skiving Bootsie and bullying blusterer Snudge – seemed to come from an age that was utterly innocent compared to 1987 when, yet again, television was obsessed with Aids. The screen was full of condoms being rolled onto fingers. This was also the year of child sex abuse, with Dr Higgs going great guns in Cleveland, and everyone making current affairs programmes on the topic. *After Dark* created a new dimension in television talk. With Alasdair Milne unceremoniously leaving the Director-Generalship of the BBC, the Corporation promptly showed Dennis Potter's *Brimstone and Treacle* which had been banned in 1976. But *Secret Society* ran into trouble because of material about the Zircon satellite, and a wickedly funny BBC drama about over-worked junior doctors, *The Houseman's Tale*, was neutered. On breakfast TV *Batman* proved more popular than Anne Diamond, and on all channels Margaret Thatcher proved more popular than other party leaders in yet *another election*.

1988

Russia pulled its troops out of Afghanistan and for old time's sake ITN's Sandy Gall went schlepping through the Hindu Kush, this time with a neat satellite gizmo that sent live pictures straight into our sitting rooms. The BBC found the courage to show *Tumbledown*, Charles Wood's stunning account of one young Guards officer's experiences in the Falklands war, a drama which clearly loved soldiers as much as it hated war and bureaucrats. Michael Grade moved the daily repeat of a piece of Australian nonsense into a teatime slot and created a new national institution: *Neighbours*. Within weeks it was threatening to overtake BBC1's own top ratings puller *EastEnders*, but by then Grade had left to succeed Jeremy Isaacs as Chief Executive of Channel 4. There was more Eurotelly: *Black Forest Clinic* was a bad joke, *Eurocops* was so-so, but *Rapido*, a rock and style series presented in breakneck Franglais by Antoine de Caunes, was great fun. With Thatcherite talk of tougher competition in the industry tabloid television began trawling for audiences. BBC programmes such as *People* and *Hearts of Gold* looked like screen versions of the old *Daily Mirror*, and commercial series such as *Network 7* and *Contacts* looked like *Tit Bits* or *Exchange and Mart*.

1989

A year of eye-opening news events included sad and heroic scenes from Tiananmen Square in Peking where unarmed students faced the army's tanks. At home muslims were seen in British streets calling for murder – the killing of Salman Rushdie, author of *The Satanic Verses* – and getting away with it. But later came the most astonishing events in 40 years of European history as one centralised communist regime after another fell to the demands of the people until, in the most astounding scenes of all, the Berlin wall was literally pushed over. TV reporters speaking from one point before the Brandenburg Gate must have worn a hole in the pavement. The year began with the launching of the Astra satellite and the start of Rupert Murdoch's Sky Television, and ended with the publication of the Broadcasting Bill and preparations for the launch of BSB, the British-licensed satellite *company. In its first 10 months* Sky did little to tempt the intelligent viewer to buy a dish, apart from launching an adequate 24-hour news service. Yet by the end of 1989 it really did feel as though, for better or worse, a new television era was beginning.

Three of the best from the '80s: top right, Michael Gambon in Dennis Potter's *The Singing Detective*, a complicated weave of psychological biography, thriller and music; right, Tim Pigott-Smith excelled himself as the scarred and odious Ronald Merrick in Granada's *The Jewel in the Crown*; above, a yardstick for quality that will perhaps never be excelled, the late Laurence Olivier, Anthony Andrews (left) and Jeremy Irons in *Brideshead Revisited*

Obituary

Sir Lennox Berkeley

Sir Lennox Berkeley, who died in London on December 26, belonged to a distinguished generation of British composers including his near-contemporaries Walton, Lambert and Tippett. Born (in 1903) and educated at Oxford, he went as a young man to Paris (there was French blood on his father's side). He was recommended by Ravel to the eminent teacher Nadia Boulanger, under whom he studied for five assiduous years. Teacher and pupil remained friends until the end of her long life. Boulanger's training shows, in the way Berkeley's music says things with clarity, economy and logic not often found in British music before the second world war. A certain dryness in his early music was far removed from the emotional glut of the late romantics.

Berkeley's mature style grew in assurance and relaxed as his British roots asserted themselves. The principal agent was his meeting and subsequent friendship with Benjamin Britten, 10 years Berkeley's junior but already a composer of exceptional technical gifts and unusual certainty about what he wanted to say. The two cultures remained interlocked in Berkeley's music. Though he lived in London and became a respected and much-liked figure in musical life of the capital, he kept in touch with France and never lost his love for the post-1870 French masters he most admired – Fauré, Debussy and Ravel high among them. When asked for his favourite composition for *Desert Island Discs* he named *L'Après-midi d'un faune*.

Sir Lennox Berkeley: assured and relaxed

He attracted attention early with the oratorio *Jonah* (Leeds Festival, 1937). Two smaller works written during the war, the Serenade and the Divertimento, were more favourable received. Between them came the first of Berkeley's four symphonies. The unassertive yet memorable opening of number one seemed in wartime like a shy assertion of faith in permanent values in danger of being overlooked. The second movement, an allegretto like a slow minuet with unexpected powers of propulsion, supports the claim made by Edward Lockspeiser in a *Listener* article of 1947 for an unlikely parallel between Berkeley and Brahms.

After the war, encouraged in all probability by a happy marriage and the birth of three sons, Berkeley wrote a series of new works which placed him in the front rank of British composers. He remained incapable of flamboyance or self-promotion and continued to avoid either the trodden ways of traditional Englishry or the siren songs of serialism, then beginning to be heard loud and clear. There were concertos or concerted works for one and two pianos, violin, cello, oboe, flute and (in the '70s) a guitar concerto for Julian Bream with the unusual virtue for that combination of allowing the soloist to be clearly heard. Vocal music included three of specially high quality whose recent neglect is a shame – the Four Poems of St Teresa of Avila, the Stabat Mater and the Four Ronsard Sonnets for tenor and orchestra. The first and third were written respectively for Kathleen Ferrier and Peter Pears, the second for the English Opera Group.

With the exception of the comic opera *A Dinner Engagement*, popular success has so far eluded Berkeley's stage works. As some BBC broadcasts in connection with the composer's 80th birthday revealed,this is unjust. The three-act *Nelson*, given a sound, decent but not definitive production at Sadler's Wells in 1953, urgently demands revival.

It is typical of Berkeley's modest aims that three of his four operas should be less than evening-filling, requiring programme-companions, arousing managerial mistrust and risking public indifference. It was equally typical that, no doubt aware of these drawbacks, he should persist in doing what he thought artistically right. A second full-length opera, *Faldon Park*, to a libretto by Winton Dean, remains unfinished owing to the composer's last illness.

Berkeley was a quiet, unassuming man of great personal charm. His gentle manner concealed unwillingness to be deflected from his chosen path. Many young and not so young British composers were his pupils. He held several honorary distinctions at home and abroad. He was made CBE in 1957, knighted in 1973 and made a Papal Knight of the order of St Gregory in the same year.

Ronald Crichton

Cinderella

COVENT GARDEN

The trouble with the Royal Ballet's *Cinderella* nowadays is that the staging falls far from neatly into two parts. One comprises the joys of Ashton's choreography for the stars, the fairies, Cinderella and her Prince, all of which shows a master's command of the classical manner – the evolutions of the stars, let alone the ballroom pas de deux, are worth your ticket money.

The other part, and here's the rub, concerns the Ugly Sisters. When Ashton and Helpmann created these roles, they based them – however wildly – upon recognisable characters and on their own rich sense of the comic. They both could, and both did, embroider, improvise, take wild snipe-flights of fun, and reduce us to hysterical laughter. Later interpreters have been daunted by this example. Jokes that were spontaneous, thrown away, played with feathery lightness, became ritual, and heavier than lead.

When taken by women, the parts – which are essentially travesty creations – lost their point. As played by present-day casts the barnacled routines are presented with a grim determination to get laughs – which is the one sure way in the theatre of not being funny – and are as merry as cold turkey. When *Cinderella* returned to the repertory just before Christmas, the Sisters (Derek Rencher; Michael Coleman) resorted to falls as a last attempt to raise laughs. It was awful to watch and quite out of character with the ballet's style.

I have no sympathy with Rencher's impersonation of the bossier one, which is radically unamusing. Michael Coleman is, in the right role, the funniest man in the Royal Ballet – witness his inspired Spike Milligan japes in that occasional piece, *Flora's Revenge*. As an Ugly Sister he has a couple of original moments, but the dire and cluttered costuming, the deadly matter of a prescribed performance routine, are manacles on his physical wit. These characters must be rethought before the ballet is again revived. Helpmann and Ashton knew who they were as performers. Today's casts only know that, alas, they are not Helpmann and Ashton.

Leading this revival were Maria Almeida and Jonathan Cope. Miss Almeida was dancing with that purity of style, that clarity of utterance – every step polished – that are her best gifts. The great ballroom solo was serenely sustained, a long phrase of even dynamics whose steps were like a necklace of perfectly matched pearls. My one reproach is that her "cool" temperament did not allow her that expansiveness of feeling which will catch us up into Cinderella's dream as she descends the steps of the ballroom. Mr Cope, drawing the dance in fine, strong shapes, was a Prince to capture the hearts of every little girl in the audience.

Among the soloists, exquisite dancing from Rosalyn Whitten as the Summer Fairy. Everything this valuable artist does has meaning, grace. Movement is rich in its outward form, and is warmed by an inner life – part dramatic intelligence, part understanding of the choreography's every nuance – that is instantly communicative, and unfailing in interest and beauty.

Clement Crisp

ARTS GUIDE

December 22-28

EXHIBITIONS

London

The Royal Academy. Inigo Jones, Architect – a full study and exquisite show of the intimate drawings and designs of the greatest of British architects, only excepting Sir Christopher Wren. Daily until February 25, except bank holidays.
Whitechapel Gallery. Michael Craig-Martin – a retrospective of the sculptures, reliefs and wall-drawings of one of Britain's leading conceptual artists, unfailingly elegant in the demonstration, though the informing ideas are more often of obvious and banal than profound. Daily until January 7 except Mondays and Bank Holidays.
The Barbican. A Golden Age – Art and Society in Hungary 1896-1914: in the light of the current ferment in Eastern Europe, with Hungary very much in the van, it is salutary to be reminded just how active a participant she was in the European cultural commonwealth. Daily until January 14.

Paris

Grand Palais. Eros. Some 100 vases, marbles, bronzes and jewels dating from Greek antiquity describe most explicitly the verve with which the god of love encouraged humans and gods alike in their uninhibited pursuit of pleasure. Closed Tue, ends Feb 5 (42895410).
Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) orThe Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna. 11 Avenue President Wilson, closed Mon, ends Feb 25 (47236127).
The Louvre. Arabesques et Jardins de Paradis. The beauty and richness of nature is a leitmotiv which runs through Islamic art *from Spain to India, from the* 8th to the 18th century. Over 200 exhibits, miniatures and manuscripts, textiles and ceramics show the unifying force of this inspiration which ranges from the decorative to the symbolic. Closed Tue, ends Jan 15 (40205317).
Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France), Archives Nationales recount the genesis of this invention (60, rue des Francs-Bourgeois), Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).

Brussels

Palais des Beaux-Arts. Ludwig Wittgenstein and his influence on twentieth century art. Also photographs of Yousuf Karsh both closed Monday and end January 28.
Musée Numismatique et Historique (at the Banque Nationale) an exhibition of contemporary Belgian Jewellery, medals and sculpture. Closed Monday ends Jan 31.
Musées Royaux des Beaux-Arts. Seventeenth century flower paintings; a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

Rome

Braccio di Carlo Magno (St Peter's). Russian icons. Over 100 icons of superb quality in an exhibition organised jointly by the Soviet Ministry of Culture and the USSR-Italy Association. Ends Jan 30.

Madrid

Caja de Madrid. Raoul Dufy. Works by French fauvist, well knownfor his lively use of colour and interest in varied forms of art, are on show in Spain for the first time. The exhibit includes paintings, watercolours, drawings, ceramics and fabric design, belonging to private collections and museums. Ends Jan 26.

Hanover

Sprengel Museum, Kurt-Schwitters-Platz. Der blaue Reiter (The Blue Horse), this museum is displaying around 61 pieces from its own collections as well as some additional paintings on loan from East Germany and by other artists who belonged to the same Munich-based group. Until Feb 11.

Cologne

Museum Ludwig, Bischofsgartenstrasse 1. The most comprehensiveretrospective on Andy Warhol, who died in 1987, with around 160pieces from New York. They can be seen only in Cologne until Feb 11.

Vienna

The Kunsterlaus is host to Mercury and the Muses, a vast collection of artifacts, documents and objects from Leipzig, on display for the first time. The collection, ranging over four millennia, contains treasures from Ancient Egypt, Greece and Rome. Ends Feb 18.

New York

Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the centrepiece of this exhibit, the most comprehensive ever mounted on the Vicortian operetta masters with more than 400 items on view. Ends Feb 18.
Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends Jan 7.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

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How to help Poland

WITH THEIR signature on the letter of intent to the International Monetary Fund, Poland's Finance Minister, Leszek Balcerowicz and the president of the Polish National Bank, Wladyslaw Baka, have inaugurated the second stage in the Polish revolution. Having rid themselves of communist tyranny, the Poles must now reconstruct the economic ruin that it has bequeathed them.

Both the ultimate aim and the immediate means are clear. As it has itself said, the Solidarity-led Government wishes to introduce a "market system akin to the one found in the industrially developed countries." Moreover, the fundamental change in the economic system "will have to be achieved quickly, through radical actions, so that the transitional stage, so hard on society, may be cut as short as possible." That transitional period is about to begin.

The Government's programme is based on a correct perception that stabilisation must be decisive, even ruthless, if it is to succeed. The intention is to eliminate the budget deficit, devalue and then fix the zloty, and impose tough wage controls. From a recent rate of around 40 per cent a month, inflation is set to *rise to 50 per cent or more in* January, but then to fall to below 5 per cent by April.

Sufficient support

Two doubts remain. The first is whether the Government will have either the nerve or the backing to carry the programme through. The second, not unrelated, is whether the international support for economic stabilisation will prove sufficient. Apart from debt rescheduling and food aid, the core of that assistance is $725m from the IMF and $1bn from assorted industrial countries. This is slender support for a fixed exchange rate, when convertible currency imports of goods were $6.3bn in 1988 and the net convertible currency deficit on services and transfers another $2.9bn. If the Government implements the programme in full, but things go wrong, further western support must be forthcoming.

Only when stabilisation has succeeded, will it be possible to implement the ambitious – if still sketchy – plans for constructing a market economy. But at least the essential preconditions of a stable currency and integration into the global price system will exist.

In considering the appropriate scale of support, both for stabilisation and for the longer term reconstruction, the West must remember its stake in success. Many doubt whether a "Marshall Plan" is appropriate. Whether it is or not, the Marshall Plan does provide a benchmark for what generous assistance could amount to.

Community aid

During the 3½-year authorisation period of the Marshall Plan, the US granted 1.3 per cent of its gross national product. On a comparable basis, the European Community alone could now consider a total fund of $200bn for assistance to eastern Europe and, ultimately, the Soviet Union. Though huge, this sum would be far below its expenditures on defence over a comparable period of time and equivalent to the total cost to EC taxpayers and consumers of the common agricultural policy. If such a programme were ultimately to be split 60:40 between eastern Europe and the Soviet Union and Poland's share were to be according to population, it should receive roughly $40bn.

At present, Poland cannot use such a sum. But if economic reform proceeds, assistance with the overhaul of its infrastructure – the appalling telephone system being just one example – will be required and will be expensive.

In the meantime, the West *must proceed with several* measures, apart from the planned support for economic stabilisation. For example, a large reduction in Poland's debt to western governments should be put in train; generous technical assistance – including membership of the *OECD – needs to be provided;* easy access to western markets must be ensured; and aid co-ordination must be improved, probably by establishing a permanent aid co-ordination team in Warsaw.

The fundamental point is that the limits on what the West *should* provide will have to be set by what can be profitably used, not by what it pretends it can afford. Aid is not always wasted. It has sometimes been a great success, provided the country concerned wants to be helped and has a basis on which assistance can be built.

Poland has a Government determined to build anew; it has a desperate, but entrepreneurial people, most of whom now earn far less than $1,000 a year; and its success represents a vital strategic interest for the West, in general, and western Europe, in particular. If the West, through meanness of spirit, allows Poland and then other eastern European countries to fail, historians will note that it was set a great challenge by the courage of eastern Europe – and failed to meet it.

"PAPA," Mrs Albertina Sisulu called across to the breakfast table. "The phone is for you."

That might not sound like a particularly significant exchange between man and wife. But for the Sisulus of *Soweto, a family in the forefront of* anti-apartheid opposition in South Africa, even the mundane is precious.

For the patriarch of the family, Mr Walter Sisulu, 77, has just spent his first Christmas at home for 26 years. Since the day in 1964 when Mr Sisulu was sentenced to life imprisonment in the Rivonia treason trial, domestic pleasures have been rare in the Sisulu household. Now, with their husband and father released from jail, normal life is resuming for the Sisulus.

But there is more to the release of Mr Sisulu and seven other long-term prisoners than a return to domesticity. Their freedom has prompted normalisation of another sort: the beginnings of normal political activity among blacks, a vital step towards eradicating the abnormalities of apartheid.

This shift from repression to tolerance – not yet complete by any means, but well under way – could prove one of the most significant ever made by an Afrikaner government. For Mr F.W. de Klerk, the new President, the decision to ease up on the levers of control was the most important, and riskiest, of his first 100 days in office, which end today.

Some would argue that Mr de Klerk has passed a point of no return in those 100 days; that the process of change now begun will carry the country *inevitably towards* black majority rule. Others believe that Mr de Klerk will succeed in abandoning apartheid without abandoning power. But everyone, black and white, agrees that these are dramatic days in South Africa; and that the events of the first 100 days could pale before the 100 yet to come.

"FW's first 100 days have been dramatic not so much because of what he has done, but because he has put a seal on an entirely different style of leadership – and convinced whites that the process now in train cannot be reversed." This assessment comes from Mr Gavin Relly, chairman of Anglo American Corporation, and one *of the leaders of a business community* which is exhibiting rare optimism.

But even at the opposite end of the political spectrum – among black leaders who publicly dismiss Mr de Klerk's actions as irrelevant – privately the excitement is infectious. Indeed, when Mr Walter Sisulu addressed *the country's largest-ever* anti-apartheid conference earlier this month, he stressed the "tremendous opportunity" presented by Mr de Klerk.

By the standards of political convulsion set in eastern Europe, Mr de Klerk may seem almost cautious – not to mention lucky that his first weeks as President have passed relatively calmly. But South Africans do not judge their lives by the standards of countries about which they know little and care less; to them, the pace of change has been rapid indeed.

The ground began to shift beneath their feet even before the new President was inaugurated on September 20. On September 12, Mr de Klerk (who was then the acting President) announced that the Government would henceforth allow mass peaceful protest against apartheid, previously impossible under a three-year state of emergency.

In the weeks that followed, many tens of thousands of South Africans marched through the streets of every big city and many smaller ones. Flags of the banned African National Congress (ANC) and South African Communist Party (SACP) flew over city halls and township houses; above the national parliament in Cape Town, the ANC flag briefly replaced that of the South African republic.

Everyone soon tired of marching:

Patti Waldmeier assesses the changing scene in South Africa after the first 100 days of President de Klerk

Unthinkable starts to look inevitable

indeed the marches seemed to be letting off more steam than they were building up. So attention turned to the task of building grassroots political organisations; mass protest would be set aside until later.

Within weeks, the state had further loosened its grip on black political activity. On October 15, Mr Sisulu and six other former ANC leaders were freed after serving, in many cases, over a quarter of a century in jail. Mr Japhta Masemola, a senior official of a rival black group, the Pan Africanist Congress (PAC), was also released.

From that day the banning orders on the two groups, imposed in 1960, were lifted in all but name. The ANC began issuing press statements on its own letterhead, for the first time in decades. And the formidable township T-shirt machine lurched into gear, stamping out portraits of the released leaders to adorn the chests of black South Africa.

"FW had recognised the need for black people to get together and debate," says Mr Relly. And debate they did, with the enthusiasm of those who have finally felt the power of their own protest. The debate exposed fissures in the anti-apartheid front, hidden in darker days. Everyone paid lip service to the need for unity in opposition, but there was little of it about.

The feud between the two most powerful opposition groups in the country – the Mass Democratic Movement (MDM), a non-racial coalition closely allied with the ANC, and the Zulu political movement Inkatha, headed by Chief Mangosuthu Buthelezi – turned uglier than ever. Thou*sands had already died as the two* groups fought in Natal, and the festive season brought a higher daily death toll. Rivalry intensified between the MDM and the PAC – whose internal wing, the Pan Africanist Movement (PAM), favours the chilling slogan "one settler, one bullet," and opposes negotiation.

The events of Mr de Klerk's first 100 days could pale before the 100 yet to come

So for the first time in 30 years, the anti-apartheid opposition was left to get on with the task of deciding what it wants from Pretoria – and how best to get it. But Mr de Klerk was taking no chances with this delicate process, viewed as essential before real negotiations can begin on a new constitution.

Throughout the debate, the jailed leader of the ANC, Mr Nelson Mandela, was allowed to exert his moderating influence. Over the past few months, Mr Mandela has held a virtual parliament of the South African people at his prison bungalow near Paarl: when he was not meeting government ministers or Mr de Klerk himself, he was consulting with MDM leaders, white liberals and tribal chiefs, smoothing the path to negotiation.

Mr de Klerk, for his part, was looking after international public relations while the debate raged on.

Unlike his predecessor, Mr P.W. Botha, who reacted to international pressure by drawing South Africa further into its laager, the new President shamelessly courted approval overseas. The change in style was immediately apparent: the cantankerous old President, jabbing the air with a finger raised in angry defiance, gave way to a figure with a twinkle in his eye, and a manner calculated to please.

Mr de Klerk's strategy paid immediate dividends. His decision to release Mr Sisulu and the other ANC prisoners days before the Commonwealth summit last October almost certainly defused pressure for harsher sanctions against South Africa. And Mr de Klerk made no attempt to hide the fact that he had timed the release *to help Mrs Margaret Thatcher defend* her opposition to sanctions; his predecessor, Mr Botha, had showed himself incapable of such flexibility.

Indeed, throughout the 100 days of his presidency, Mr de Klerk sustained the impression of forward movement. After the marches, and the releases, came the abolition of beach apartheid and the news that other forms of petty apartheid would disappear with the repeal of the Separate Amenities Act. Though this was little more than recognition of an existing situation – most beaches, parks and libraries have been mixed for some years – it was designed to play well overseas and appears to have done so.

As South Africans were heading off to the desegregated beaches of Durban for Christmas, Mr de Klerk was taking decisions which, while ignored overseas, could have an even greater impact on the country's political future.

He was busy taming the "securocrats" – members of the army, police and intelligence services who formed a shadowy but strong force behind the throne of P.W. Botha, himself a former Minister of Defence.

Late last month, Mr de Klerk dismantled the National Security Management System, a network set up to govern non-white townships after the unrest of the mid-1980s. Dominated by security officials, it provided an extensive power base for the security establishment. At the same time, the new President downgraded the National Security Council, the securocrat-controlled body which had often usurped the role of the Cabinet.

And throughout it all, Mr de Klerk constantly reiterated his intention to curb inflation of over 15 per cent a year, as well as government spending. He is scarcely the first South African President to have made such pledges; but the markets, at least, seem convinced.

In the past two months alone, the FT-Actuaries Index for South Africa has risen by nearly 25 per cent in US dollar terms, while bond yields have fallen sharply. Investors remain worried about the painful economic restructuring programme planned by Mr de Klerk. But with gold at over $400 an ounce, and political prospects the best in years, they seem willing to take the risk.

It was a full programme for 100 days, and one which earned praise from almost everyone to the left of the ultra-right Conservative Party. Even black activists admit – grudgingly and suspiciously – that Mr de Klerk has scarcely put a foot wrong.

He did, none the less, make one serious false step: the decision earlier this month to reject pressure for a judicial inquiry into allegations of political assassinations by South African security officers. Some 50 activists have been murdered in suspicious circumstances since the mid-1970s, but when it came to instituting a public inquiry, Mr de Klerk's nerve failed him, causing anti-apartheid groups to allege a cover-up.

But a simple catalogue of presidential acts cannot, on its own, capture the extraordinary change in atmosphere that has come over South Africa. What once seemed impossible now appears likely: the release of Mr Nelson Mandela, in an atmosphere of relative calm; the beginning of negotiations which will lead to some form of franchise for blacks.

But if there is optimism in the country, there is precious little confidence: for the challenges of the next 100 days are daunting indeed. Within weeks, Mr Mandela will almost certainly be free. Yet his freedom implies legalisation of the ANC and an end to the state of emergency, both involve big risks for Mr de Klerk.

As Mrs Helen Suzman, the veteran anti-apartheid campaigner, points out: "There are crux issues which have not been tackled yet: residential and schools segregation, political rights for blacks, the question of land."

She applauds Mr de Klerk's actions so far. "But you must remember," she says, "that there is a bottom line. And the bottom line is *not* the handover of power to the black majority." Mr Zach de Beer, co-leader of the liberal Democratic Party, echoes this view: "De Klerk wants to do everything he can to improve the situation, short of relinquishing control."

Yet it is clear that most blacks believe the subject of any eventual negotiations will be nothing less dramatic than the transfer of power. They reject any form of guarantee for "group" or minority rights, whether through a federal constitution or some other indigenous solution; while the National Party, despite recent signs of flexibility, remains committed to a group-based vision of the future.

All that is not exactly a recipe for fruitful negotiation; indeed, it would be foolish to expect talks to enter a constructive phase for some time to come. But it now seems certain that the two sides will talk, and that the result will be political rights for blacks. In 100 days, the unthinkable has begun to seem inevitable.

House prices and Mr Major

A FALL IN nominal house prices in the New Year is scarcely the thing to cheer either recent first-time buyers or Tory politicians. Yet there may, paradoxically, be a crumb of comfort for the Chancellor, Mr John Major, in this week's forecast from the Halifax Building Society of a 10 per cent fall in prices in 1990. The wealth effect arising from the recent surge in house prices played an important part in fuelling the demand-led boom that contributed to Britain's substantial trade deficit. The unwinding of the bubble in the housing market may thus hold the key to a safe exit from the present vicious circle of weak sterling, high interest rates and external imbalance.

Over long periods house prices have tended to show a reasonably close relationship with earnings and household incomes. In the second half of the 1980s that relationship was stretched somewhat as deregulation encouraged building societies and banks to relax the terms on which they advanced loans to home buyers. The resulting house price inflation became self-feeding, as the increase in the value of the housing stock provided more collateral for home loans. To the extent that new lending for house purchase exceeded investment in property, consumer spending received an additional powerful boost *through the process known as* equity withdrawal.

Savings ratio

One consequence of the resulting shift in the personal sector's balance sheet was that the savings ratio plunged to its lowest level since the 1950s. With inflation declining and the value of houses rising, less saving was needed to preserve real wealth. Since the trade balance reflects the balance between savings and investment, it naturally deteriorated. The question now is what kind of adjustment in the housing market would be compatible with a steady improvement in the trade figures.

In previous house price booms such as those in 1971-73 and 1978-79 the ratio of house prices to income reverted to long-run trend chiefly through rising wage inflation. The collapse in demand for houses was reflected in declining turnover rather than an actual fall in nominal prices. Today, with average earnings growth approaching 9-10 per cent, much of the adjustment after the present bubble will take the same form. But the Halifax's *latest* survey raises the intriguing possibility that it could take place more swiftly thanks to the additional impetus of declining nominal prices.

Luck and resolution

This outcome may not be without appeal for the Chancellor. If the housing market exerts increased discipline on the consumer, calls for increased taxation in the Budget to help correct the trade deficit would make less sense. And in terms of the electoral timetable, getting the pain out of the way as soon as possible has its attractions.

The snag is that choices in the real world are rarely so clear cut. At one extreme lies *the risk of overkill: a draco*nian adjustment in the housing market, especially if reinforced by fiscal tightening, might precipitate recession. The alternative nightmare, sketched by those who do not share the Treasury's conviction that the trade deficit is self-correcting, would involve undiminished inflationary pressure and trouble on the foreign exchange markets. In the circumstances the Chancellor will need luck as well as new year resolutions.

OBSERVER

Noriega's red pants

■ Among the many US charges against General Manuel Noriega – drugs trafficking, cocaine addiction, prostitution, alcoholism, and the worship of Adolf Hitler – the most bizarre is that he wore red underwear.

The General's fiery-coloured shorts were part of an extensive voodoo wardrobe designed to ward off the "evil eye", according to the US military, which this week issued an unusual two-and-a-half page report on the most intimate details of his private life.

The report is part of a US campaign to discredit the deposed Panamanian strongman in the eyes of the Panamanian people, and to consolidate American public opinion behind last week's invasion. The problem is that it could backfire.

For example, numerous discrepancies have arisen over the events leading up to Noriega's escape to the Vatican Embassy in Panama City. According to the Pentagon account, the General was so exhausted from the chase that he could barely speak when he requested asylum. Other accounts in Panama suggest some hyperbole here. Furthermore, US officials in Washington have said that Noriega is sheltering in the embassy with up to 30 heavily armed relatives and loyalists; the Vatican says only three or four people are with him.

There may also be some doubts as to whether the Bush Administration really wants to bring the General to trial in the US on drugs trafficking charges. As has already been observed, the offer of a $1m reward for his capture was not all that high; $10m might have been more tempting. Besides,a trial would reopen Noriega's past links with the CIA and questions of national security. The latter might be very similar to those which led to charges being dropped in the Iran-Contra criminal cases.

Moreover, if the US were to press for extradition, it would amount to a blow to the integrity of the new Panamanian Government which Washington is seeking to strengthen. So perhaps the General is better left with the Vatican.

Top crackers

■ Someone was complaining to me over the holidays that when she pulled her Christmas crackers they turned out to be full of smoked salmon. Nothing wrong with that *per se*, she said. But – and this was the complaint – the crackers *had not* been labelled "perishable" and had therefore not been kept in the fridge.

Nothing as exotic came out of Observer's crackers. Present fashion seems to be for a collection of plastic snakes and insects. The best (really) joke was: "What happened to the hyena who swallowed an Oxo cube?" "He made a laughing stock of himself." Possibly the worst was: "Where in France do all the houses have two bathrooms?" "Toulouse."

In a superior box of individual crackers, we found the motto: "It is impossible to make anything foolproof because fools are so ingenious."

Media dons

■ The professor from the School of Slavonic Studies was not used to being on television. Indeed he rather envied – though he said to himself that he looked down on – some of his colleagues who seemed to be making broadcasts all the time, giving opinions at the drop a hat on this, that and the other, and making quite a lot of money besides.

What's more, he reflected, academic salaries are not quite what they might be. And although it's Christmas and I was looking forward to having a few days off, I wouldn't mind the extra cash. Albania, after all, is a subject I know something about. I might have to talk down a bit, but I couldn't possibly say anything silly – or wrong.

So he agreed to the interview. He was reminded at the start of how the dominoes had been falling and how one of his colleagues from the school had said on the same programme only a week ago that Romania was different and that Ceausescu could not possi*bly go* the way of Honecker and the others.

The professor remembered with some self-satisfaction that he had seen the interview. It had been with a particularly facile colleague, who spent too much time with the media and not enough reading the texts. The man had totally misunderstood the essential nature of Romanian society.

"So what about Albania?" the interviewer asked. "Ah," said the professor, "that really is different. You see, it's a very closed society, with a population of only three million, cut off from the outside word and immune from foreign influences. And the leader, Ramiz Alia, he's come up through the party all the way. Born in 1925. Had a good war in Jugoslavia. Was Secretary of the Central Committee of Communist Youth, then Minister of Education. Knows the system inside out. Nothing could possibly happen to him.

"Besides," added the professor, "there's a certain innate nationalism. The people probably like it that way."

We shall see.

"He's broken all his toys and got viruses in his computer games."

New SPD

■ The Bad Godesberg programme of 1959 was one of the most famous political documents of the post-war period. In it, the West German Social Democrats abandoned Marxism, accepted the social market economy and came to terms with Nato. We now learn, however, that the Social Democratic Party was much more autocratic then than it is today.

The Social Democrats produced a new programme last week, and nothing will ever *be as clear again. According* to Peter Glotz, one of the party's leading intellectuals, it is a classic case of "committee writing." About 25 people, some with strongly opposing views, were involved in the drafting. It shows.

The Godesberg programme, by contrast, was essentially written by one man: Willie Eichler. "They could do that in those days, but now we are a much more democratic party and everybody insists on having their say," says Glotz.

Very deep

■ Question: "What's green, lies at the bottom of the sea and twitches?" Answer: "A nervous wreck."

OBITUARY

Lord Drogheda

Garrett, the 11th Earl of Drogheda, who died on Christmas Eve at the age of 79, made a unique and decisive contribution to the post-war development of two British institutions – the Financial Times and the Royal Opera House at Covent Garden. He combined a vision of excellence with a relentless attention to detail and a refusal to be satisfied with anything less than the highest standards.

Garrett Drogheda was one of the two men who created the modern Financial Times. In the 1950s, he and Gordon Newton, the editor, began the process that was to transform a small circulation City newspaper into a major international newspaper whose range of interests extended far beyond its base in the City of London. It was an achievement all the more remarkable for being unplanned; both men relied on instinct rather than careful calculation.

Charming, aristocratic, deceptively languid in manner, with a deep interest in the arts, Drogheda seemed the very opposite of Newton, who concealed his intellectual ability behind a blunt, unpretentious and often uncommunicative exterior. A New Statesman profile once described Drogheda as a man who knew practically everyone and Newton as a man who knew practically no-one. Yet the partnership worked.

Newton provided the flair in knowing what readers wanted, in distinguishing a good article from a bad one and, perhaps most important, in recruiting staff. Drogheda was his constant goad, always pressing for action on small matters and large, determined to keep the paper expanding. Five, sometimes ten memos a day would be delivered from Drogheda's office on the sixth floor of Bracken House to the Editor's office on the second. "Are you satisfied with the New York coverage? What are your plans for next year?" They were known as Droghedagrams. If no answer came, the memo was repeated an hour or so later. Newton was forced to put his mind to the issue and do something about it.

Drogheda and Newton often infuriated each other, but there was mutual respect and admiration. Drogheda's persistance over detail and his expansionist approach were essential to the growth of the newspaper. So too was his salesmanship. At lunches for company chairmen on the sixth floor, he would charm or bully his guests (to the great embarrassment of the journalists present) into taking advertising space in the FT. Those who were slow to respond he would pursue ruthlessly with personal notes and telephone calls until they gave in – most of them did.

Garrett Drogheda became managing director of the Financial Times in 1945, but his most creative period came after 1950 when Newton was getting into his stride as editor and the influence of Brendan Bracken, the chairman, was on the wane. Bracken had become intensely cautious and reluctant to spend money on development. As Drogheda gradually took over more authority, he took the decisions that Bracken was inclined to defer and gave Newton his head.

After Bracken's death in 1958 and the purchase of the Financial Times by S Pearson and Son, Drogheda continued to be the key figure in the management of the FT, although his relations with the Pearson interests were not always smooth. His biggest disappointment was the failure of the negotiations in 1966 to merge with The Times – it would have been, in effect, a takeover of The Times by the Financial Times. Drogheda believed that divisions on the Pearson Board led to an unrealistically low price being offered and The Times was subsequently sold to the Thomson Group.

As it turned out, Thomson's efforts to revive The Times (including creation of the Times Business News) gave a much-needed competitive spur to the FT. The growth of the business continued with Newton in full command. The flow of memos from the sixth floor began to slow down as Drogheda devoted more of his time to outside interests – above all, the other great love of his life, the Royal Opera House.

Throughout his working life, the Financial Times and Covent Garden were Garrett Drogheda's two main absorptions. "To have had the opportunity," he wrote in his memoirs, "of being simultaneously managing director of the one and chairman of the other is a perfect example of supreme good fortune." To have been a hereditary peer into the bargain must have seemed merely an additional gloss, or on a more jaundiced view of English social history, the *sine qua non*.

Yet the circumstances of his birth and early life were not particularly propitious. He was born on St George's Day, 1910. His parents were not especially rich and were to be divorced 11 years later, his father being obliged to resign from the Diplomatic Service as a result. His upbringing, spent passing between parents, was disorderly. After Eton, he left Cambridge early, having developed no affinity with university life and indeed shown no academic talent.

Garrett Drogheda lived in a world where he was always likely to meet people of influence and power. His first job, for instance, was simply to learn book-keeping with a view to joining the Mining Trust, but it came about because of a chance meeting between his mother and Solomon Guggenheim, a member of the family which ultimately controlled the company.

The meeting which mattered more than any other, however, was with Brendan Bracken. It took place in 1932 at Brook's Club. Bracken was a protégé of Lord Beaverbrook and a confidant of Churchill. He was also on the board of the Financial News, then a rival to the Financial Times. He offered Drogheda a job which turned out to be no more than that of collecting financial advertising, and that at a time of depression when the FN was losing money and selling fewer than 5,000 copies a day. But it was the beginning of a partnership which led to the merger of the Financial News and the Financial Times in 1945 and the steady expansion thereafter.

Drogheda's official entry into the world of music is less easy to pinpoint. He had been active in an amateur way in the 1930s, founding the Quartet Society, later called the Chamber Music Society, along with Jack Donaldson, another of those figures with whom Drogheda's life seems interwoven. Years later, Lord Donaldson became Minister for the Arts under a Labour Government.

Yet the real entry seems to have depended at least partly on luck and on the acquaintance already made with Bracken. In 1941, Bracken was appointed Minister of Information. He arranged for Drogheda to become a kind of liaison officer at the London end to Oliver Lyttleton, the Minister of State in Cairo with War Cabinet rank.

Drogheda continued to work for Lyttleton when the latter returned to London as Minister of Production. He had a fairly free run of government offices and met many of the figures most closely involved in the early post-war history of Covent Garden.

Those figures included Sir John Anderson, who was Lord President for much of the war, and Mr (later Sir) Denis Rickett, a Fellow of All Souls who worked briefly with Drogheda for Lyttleton and subsequently for Anderson. Anderson became the first chairman of the new Covent Garden in 1946 and Rickett the first company secretary, a post which he fulfilled from the Treasury. In 1951, Rickett was appointed to the British Embassy in Washington and Drogheda took over his Covent Garden duties. On Sir John's death in 1958, Drogheda was elected chairman and he remained so for more than 15 years.

There were some tempestuous times at Covent Garden. There were arguments about the suitability of David Webster as general administrator, about the status of the ballet relative to that of the opera, about the role of the orchestra and about the language in which opera should be sung.

Garrett Drogheda's role was that of an interfering non-executive chairman, always pressing for the highest international standards. He argued strongly for opera to be sung in the original language and for year-round performances. His attention to detail affected everything from the selection of singers to the arrangement of flowers, but it was all done within a general vision of excellence; his complaints about details often irritated his colleagues, but there was a logic to them.

He was a superb publicist for Covent Garden. Not least, he was an internationalist in seeking to bring to London, and to loan abroad, the best of contemporary talent. Certainly the reputation of both the opera and the ballet continued to rise under his chairmanship, even if the basic problems of housing the opera and the ballet in the same building, and of financing, remained unresolved, as they did for a long time thereafter.

Taken together, Drogheda seemed to regard Covent Garden and the Financial Times in much the same way. He relied on flair, rather as Brendan Bracken had done before him, and on his good fortune on simply being there. He once wrote that at Covent Garden he always felt as if he were presiding over a body of his intellectual superiors, yet it was he himself who deliberately appointed such people as Lord Annan and Sir Isaiah Berlin to serve under him.

His politics were undeveloped, a matter which he often said he regretted. At the FT he supported what is roughly described as liberal capitalism. Yet at Covent Garden he insisted on the need for the state, and indeed the local authorities, to support the arts.

He kept in close touch with Covent Garden after his retirement, attending performances regularly and enjoying a constructive relationship with his successor, Sir Claus Moser. As joint chairman with Sir Claus of the Royal Opera House Development Appeal, he was deeply involved in the rebuilding project. He was also chairman of the Royal Ballet School.

Even before his retirement from Covent Garden and from the Financial Times, Garrett Drogheda had collected a host of part-time appointments which he performed with unfailing skill. The process continued during his retirement. To some extent, he seemed to seek new recognition, as though he did not quite believe in his own achievements on the newspaper and at the opera house.

He was always sensitive to suspected slights and not without a touch of self-pity when he felt his own efforts had been unappreciated. Yet the achievements were substantial and lasting and there was no lack of recognition for them. He was especially delighted to be appointed a Knight of the Garter in 1972 and derived great pleasure from his role as chairman of the London Celebrations Committee for the Queen's Silver Jubilee in 1977. He always valued and enjoyed his long connection with The Economist, on whose board he served from September 1941.

Towards the end of his life, Lord Drogheda tended to attribute any success he had had to his interest in detail. To those who knew him, it was not so much the interest in detail that was striking as his natural curiosity. Lord Drogheda was interested in almost everything, whether it was the sets at Covent Garden or the layout of the Financial Times. In that sense, he was perhaps an artist manqué, an impresario who would have liked to have been a performer.

He records in his memoirs that "These Foolish Things," one of the great popular songs of all time, was originally written for and first performed by his wife Joan, a distinguished musician in her own right. She played a central role in his life – especially, perhaps, in relation to Covent Garden. When Garrett became emotional and over-excited about a particular issue, Joan provided the necessary balance and calm. It was very much a partnership in a joint enterprise. She died only a few days before him.

To the end he preserved what was not entirely a fiction, namely that despite his birth he had risen from the ranks. His colleagues, his friends and all those who worked for him will remember him with the deepest affection.

LETTERS

Shop-floor power

From Sir Fred Catherwood.

Sir, Sushil Wadhwani (Letters, December 18) wants to know why curtailing union power in the 1980s has had little effect on wage inflation.

The reason is that shop-floor power is a far more potent cause of wage inflation than union power. Shop-floor power arises from simple, very private but decisive management calculations that the cost of a strike is likely to be 10, 20 or even 50 times the cost of a settlement.

Modern industrial costs, especially in large companies and large plants, are not variable with output. The sunk costs in research, development, new product investment and marketing can only be recovered when the production line rolls and this last cost is now only a fraction of the total.

Even in simpler products, like food, the cost of regaining market share lost through a strike far outweighs the cost of a settlement. Only government has the power to stand out against those who hold production to ransom, as ours did in the miners' strike.

Until the late 1960s, the "Philips curve" showed that the rate of increase in earnings correlated to the increase in demand. But, in that downturn, earnings continued to rise. Nor did the sharper setbacks of the 1970s and early 1980s curb the rise in earnings, even when unemployment topped 3m.

The aim of shop-stewards is to see that they do not fall behind in the wage round and that management gives whatever is needed to keep production going. But, unlike the Swiss, the Germans or the Japanese, British negotiators are also discounting for the severe historic drop in their currency's buying power. It will take a credible currency reform – such as the link with the European Monetary System – to lower that discount and avoid a new wage-price spiral.

Fred Catherwood,
Vice-President,
European Parliament,
Brussels

Part-time employment

From Mr Peter Robinson.

Sir, Labour's employment spokesmen have raised the issue of the scale and structure of job creation during the 1980s ("Opposition disputes claims over job creation," December 21).

Several points are worth bearing in mind. There has been considerable growth in part-time employment in the decade, but this does not represent a decisive break with the past. Part-time employment as a proportion of total employment has been on a rising trend since the 1950s, and the Labour Force Survey tells us that most people work part-time because it fits in with their family or other responsibilities. There is no evidence that involuntary part-time working has grown.

There has been significant growth in the number of people with second jobs: most of the growth is among women, and probably reflects their mixing two part-time jobs.

The numbers on temporary schemes have also risen. However, in May 1979 250,000 were on temporary programmes, and such schemes are unlikely not to be a feature of a future Labour administration.

Unemployment today stands at over 1.6m, compared with under 1.1m in May 1979, when measured on the same basis using official figures. The pace of job creation since 1983 has failed to compensate for the effects of the previous recession and the subsequent growth in the labour force. But rather than get bogged down in a dispute over the structure of employment growth, would it not be better to focus on the more important issue. This is that the Government is bringing the process of job creation to a shuddering halt in order to fight inflation. Is it possible to find another way to deal with inflation which does not depend on a resurgence of unemployment?

Peter Robinson,
Deputy Director,
Campaign For Work,
Annexe D,
Tottenham Town Hall,
Town Hall Approach Road,
N15

Early Italian art

From Mr Denys Sutton.

Sir, Readers of Giles Waterfield's article on the early Italian exhibition at the National Gallery (FT, December 15) will grasp that the gallery specialises in Old Master paintings; the Metropolitan Museum, New York is a general museum – its collections range from ancient to modern times.

The three exhibitions devoted to Canaletto, Velasquez and Bonnard referred to by Mr Waterfield are not "blockbusters." They make decided contributions to knowledge: the Bonnard show is the first of its kind.

Mr Waterfield is patronising about the director of the Metropolitan Museum. Mr de Montebello is well aware of early Italian art; earlier this year the Metropolitan Museum staged the most important exhibition of early Sienese art to have been held in our generation.

Denys Sutton
22 Chelsea Park Gardens, SW3

Red in tooth and claw

From Mr N.J.F.B. Samengo-Turner.

Sir, Michael Prowse (Lombard, December 22) is right to point out that mankind disregards the rights of other species. However, birds show little compassion for worms, and cats are not over-sympathetic to the plight of birds. The animal kingdom is not a kind and fair place.

No fair and right thinking person can fail to be appalled and sickened at the cruelty which humans inflict on domestic and other animals. However, next time he brushes his teeth, Mr Prowse will notice that The Good Lord has fitted him with a set of canines for the specific purpose of chewing flesh.

Despite what the vegetarians tell us, human beings are and will remain omnivores.

N.J.F.B. Samengo-Turner,
Coltsfoot Cottage,
Wickhambrook,
Newmarket, Suffolk

Low inflation more important than state of balance of payments

From Mr Jeremy Hale.

Sir, Since the end of 1988, the level of UK foreign exchange reserves has declined by nearly \$13bn and the sterling effective index by around 11 per cent. In addition, bank base rates have increased from 13 per cent to 15 per cent. It has been argued that this is the inevitable result of the widening of the deficit on the basic balance of the UK balance of payments, which comprises the current account together with long-term capital flows, from £25bn in 1988 to an annualised £53bn in the first nine months of 1989.

According to commentators worried about the basic balance deficit, it is only likely to be possible to attract sufficient short-term capital inflows to finance this shortfall by allowing the exchange rate to fall, or by raising interest rates relative to those overseas or by running down the official reserves. Having observed all three of these events in the UK in 1989, it may appear that a basic balance deficit is indeed a considerable macroeconomic problem.

Samuel Brittan (Economic Viewpoint, December 14), in contrast, downplays the importance of the basic balance deficit and there is some evidence internationally to support his case. Consider Japan, for example. Over the past decade, Japan has recorded a basic balance surplus in two years only (1978 and 1983). In the other years, a huge portfolio investment outflow has swamped Japan's current account surplus. Yet Japan has built up its foreign exchange reserves, its currency has followed a rising trend and interest rate differentials are little changed from 10 years ago.

There is, therefore, no automatic necessity for a basic balance deficit to be problematical to finance. In fact, just as Japan's basic balance has improved this year, the yen has been weakening, reserves have been falling and Japanese interest rates have been rising relative to those overseas. Could it be that maintaining low inflation, and hence confidence in the strength of the currency longer-term, is more important than the balance of payments per se?

Jeremy Hale,
Goldman Sachs
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FINANCIAL TIMES
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MIDDLE EAST RECONCILIATION

Egypt and Syria restore diplomatic relations

By Max Rodenbeck in Cairo and Victor Mallet in London

EGYPT and Syria yesterday restored full diplomatic relations, ending a 12-year estrangement and rekindling Israeli fears about joint Arab pressure in Middle East peace negotiations.

The original break in relations was prompted by Syrian opposition to Egypt's rapprochement with Israel in the 1970s, and the joint communiqué issued in Damascus will be seen as a success for Egypt's long-standing policy of moderation.

It will also be regarded as a sign that hardline Syria has acknowledged the limits of its power in the absence of whole-hearted Arab or Soviet support. Libya is now the only Arab state not to have resumed normal ties with Egypt, although Libyan-Egyptian relations have improved in recent weeks.

President Hosni Mubarak of Egypt and President Hafez al-Assad of Syria are expected to meet in January. "The ice between Egypt and Syria has vanished," said Mr Atef Sedki, the Egyptian Prime Minister, who signed the communiqué in Damascus with Mr Mahmoud Zubi, his Syrian counterpart.

"This reconciliation forms the sound basis for joint Arab action to safeguard the interests of the Arab nation and its peoples who are thirsty for progress," said the communiqué.

Earlier in the day, Mr Yitzhak Rabin, the Israeli Defence Minister, expressed concern about the improving relations between Syria and Egypt. "The rapprochement could be dangerous for Israel, but it could also neutralise Syria's destructive acts against the peace process," he said while on a tour of the Israeli-controlled "security zone" in southern Lebanon.

President Hosni Mubarak of Egypt (right) and his Syrian counterpart Hafez al-Assad are expected to meet next month. "The ice between Egypt and Syria has vanished," said Mr Atef Sedki, the Egyptian Prime Minister, who signed the communiqué in Damascus yesterday with Prime Minister Mahmoud Zubi of Syria. "This reconciliation forms the sound basis for joint Arab action to safeguard the interests of the Arab nation and its peoples who are thirsty for progress," the communiqué said.

The speed with which Syria and Egypt restored diplomatic ties, healing overnight one of the deepest inter-Arab rifts, has taken many by surprise, although the event itself was not wholly unexpected. The canny President Assad appears to have followed the oldest rule of the game: if you can't beat them, join them.

The Syrian-Egyptian rapprochement indicates the urgency felt by Arab regimes regarding the coming decade, especially after the wasted years of the 1980s when declining oil prices, regional rivalries and war in the Gulf conspired to stifle hopes for a greater Arab role in world affairs.

Egypt will be sure to use its rediscovered influence in Arab politics to try to prevent Israel backing away from the current US-sponsored peace initiative.

Egyptian diplomats may argue that Syria, by defrosting its ties with the only Arab country to recognise Israel, is accepting, in a roundabout way, the presence of the Jewish state. Equally, the Syrians will expect Egypt to listen more closely to their forthright rejection of Israeli expansionism.

The Egyptians also want Jerusalem to take note that if the plans for a Palestinian-Israeli dialogue in Cairo founder on objections from the Israeli government, then Israel will have to face an Arab world that is perhaps more unified than at any time since the 1973 Arab-Israeli war.

One important obstacle to Arab unity is the hatred between the regimes in Syria and Iraq, and it remains to be seen how Egypt's ally Baghdad will react to yesterday's resumption of ties.

Relations between Cairo and Damascus were severed in December 12 years ago, shortly after the late President Anwar Sadat made his historic visit to Jerusalem. As Egypt and Israel signed the Camp David accords with the US and then agreed on a peace treaty, Syria was in the forefront of attempts to isolate Egypt.

At one time a total of 17 Arab states had broken off relations with the Egyptians, but the tide has recently been reversed, leaving Libya and Syria out in the cold.

Middle East-Romania ties, Page 4

Japan's surplus continues to fall

By Robert Thomson in Tokyo

JAPAN'S current account surplus fell in November for the ninth consecutive month, according to figures released yesterday by the Ministry of Finance.

The figures also show that Japanese institutions shifted the focus of their equity purchases from the US to the West German stock market last month.

The current account surplus was \$4.26bn, down 37.3 per cent on the same month last year. The merchandise trade surplus fell 41.3 per cent, and the balance of invisible trade showed a surplus of \$61m after a deficit of \$621m for the same month last year.

A ministry official attributed the change in invisibles to a large inflow of returns on US Treasury bond investments, while November is not a traditionally strong month for overseas travel by Japanese.

There was also a marked fluctuation in the long-term capital account, which showed a deficit of \$7.86bn, down from \$25.47bn in October and \$10.29bn in November last year.

The official said the volatility of the month-on-month figures could be traced to a significant increase in Japanese warrant offerings in the Euromarket.

Purchases of US equities fell as a proportion of total equity purchases from 46 per cent in October to 9.8 per cent in November, while purchases of West German equities rose from 1.9 per cent in October to 28 per cent last month.

The trend reflects Japanese caution about US markets after the October plunge and the growing interest in the long-term potential of West German stocks, in particular, and European stocks in general.

Net purchases of foreign stocks totalled \$1.9bn for the month, down from \$2.24bn in October, while foreigners were net sellers of \$1.12bn in Japanese stocks, compared to net sales of \$4.15bn in October.

Japanese were net buyers of \$3.67bn in foreign bonds, compared to \$14.47bn in October, while Japanese institutions issued \$7.11bn in foreign currency-denominated bonds, up from \$6.1bn a month earlier.

Ian Rodger writes: Japan's unemployment rate dipped to a seasonally adjusted 2.2 per cent in November, 0.1 per cent lower than in the previous month, according to the Government's Management and Co-ordination Agency.

Total employment rose by 1.3m to 61.79m. The employment increase in the manufacturing sector was 170,000.

Construction companies took on an additional 220,000 workers and the wholesale-retail sectors added a further 480,000 workers.

Meanwhile, the Labour Ministry reported that the seasonally adjusted ratio of job offers to job seekers rose a further 0.02 points from October to reach 1.32.

New job openings in the service industries rose 14.8 per cent over the level in November 1988, while those in manufacturing increased 9.2 per cent.

Japan restarts \$5.5bn China loan package

By Robert Thomson in Tokyo

THE Japanese Government, following the US lead in seeking improved relations with China, has restarted preparations for a \$5.5bn soft loan package that had been delayed indefinitely after the Chinese pro-democracy movement was crushed in June.

Mr Toshiki Kaifu, the Prime Minister, has indicated that he would like the loan package to begin as scheduled in April next year, although the Government had previously suggested that the halt to bilateral discussions on the package would delay its introduction.

Mr Kaifu has asked the Foreign Ministry to select priority projects for funding under the six-year package, the third of its kind provided to China, which had requested that Japan restart discussions as soon as possible.

Delaying talks on the package had been seen as a symbolic punishment for the Chinese crackdown, but the most recent visit to Peking of Mr Brent Scowcroft, US National Security Adviser, has been taken as a sign by Japan that full economic links can be renewed with China.

A Foreign Ministry official said disruption to the package should be minimal, as the loans timetable was "very flexible." He suggested there might be a short delay in its introduction but insisted: "It is not a big problem."

Japanese and Chinese officials are due to meet early next month to discuss the loan package, and the meeting will encourage Japanese banks to expand their lending to Chinese institutions.

Several Japanese banks have already participated in loans to China in recent weeks, although the agreements have been arranged outside Japan or are said to have been under discussion before June.

The Japanese Government had been embarrassed by reports that Japanese businessmen were showing unseemly haste in returning to Peking in the wake of the brutal crackdown, and had urged them to show restraint.

The suspension of talks on the soft loan package was then cited as evidence that the government was "punishing" China for the crushing of pro-democracy protests.

In recent weeks, successive delegations of Japanese business leaders and politicians have travelled to Peking and been received by Chinese leaders, who have urged them to renew links with the country. Tokyo has not wanted to appear out of step with other countries, but Mr Scowcroft's visit was taken as a turning point in international attitudes to China.

Emergency declared as US freeze hits oranges

By Nancy Dunne and Deborah Hargreaves

A STATE of emergency has been declared in Florida after Mr Bob Martinez, the state governor, toured orange groves which had been ravaged in a prolonged freeze over the weekend.

Record low temperatures have inflicted severe damage to more than half of Florida's orange juice crop and sent futures prices soaring on the New York Cotton Exchange. Futures prices for crude and heating oil were also buoyed by the cold spell gripping the US.

Processors in Florida are working their facilities 24 hours a day to get as much juice as possible from the damaged fruit.

Some juice can be extracted from oranges with cores of hard ice but if the weather warms up this fruit will rot and be useless.

For the third time this decade, the fate of Florida's main farm product is in doubt. The Brazilian competition completed a bumper harvest this year, but much of this is already committed to western Europe and analysts question whether there is enough to make up for a US shortfall.

The March futures contract on the New York Cotton Exchange was locked at its upper price limit yesterday, while the January futures contract dropped in price as traders rushed to take profits from Tuesday's huge increase of 15 cents per pound.

Ms Judy Ganes, an orange juice analyst with Shearson Lehman Hutton, said it would be some days before the extent of the damage could be worked out but an initial survey of the crop found 55 per cent damaged by hard ice in the core.

"Yields will be lower," she said. "Some price increase is absolutely necessary."

While it was not Florida's longest freeze, it was its coldest. On Christmas Eve, after the first cold night, temperatures ranged from 11 degrees Fahrenheit in the north to 31 degrees in Miami.

Growers are worried about permanent damage to the young orange trees, although an early warning of the frost meant that some growers could irrigate the roots of the trees to protect them.

In spite of a decade of serious weather problems, Florida still accounts for about 70 per cent of the citrus produced in the US. The state's crop is worth about \$2bn annually.

THE LEX COLUMN

Magnet gets a second chance

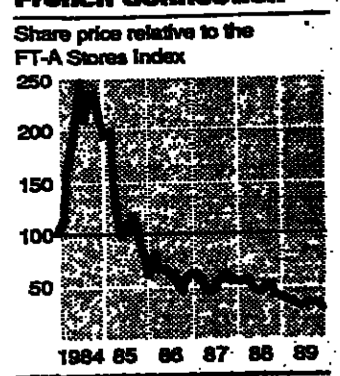
It is impossible to tell from yesterday's scant detail whether the refinancing of Magnet, one of the biggest UK management buy-outs to go wrong, will work. Nevertheless, the agreement is a grim reminder, both to bankers and prospective managers, of just how easily, and quickly, the risks in MBOs can overtake the seemingly rich rewards. With obligations of well over £600m and initial equity of under £50m, Magnet started off with too much debt and not enough equity. The bankers, and Magnet's outgoing executives, are now paying the price for a far too aggressive capital structure.

Two of the three executive directors who masterminded the deal have either left, or are about to leave, and will almost certainly have lost money on their investment. Meanwhile, the senior lenders have had to accept that they will have to wait considerably longer for the repayment of loans which are far less well secured than before. No new money is being put up, but this is not surprising given that the interest due to the subordinated lenders is being rolled up for the next three years, at least.

Adding to the banks' misery is the fact that because events have moved so fast, they do not have any direct control over the assets of the main operating subsidiary, only the heavily indebted holding company. This is good news for Magnet's suppliers and should give the new management team more flexibility, but it is bound to raise some anxious questions in the banking parlours of any aggressive lender.

However, security is only useful as a secondary source of repayment and the long-term commercial viability of a refinanced Magnet is of far more importance to the lenders. If Magnet's current depressed trading stems from low turnover rather than squeezed margins, then its problems may be soluble. However, it is not the only highly leveraged retailer that is having to placate its bankers by fighting for market share.

French Connection



French Connection
Share price relative to the FT-A Stores Index

Minority investors in French Connection, a clothing manufacturer and retailer, have had a particularly bumpy ride over the last five years, largely because of some ill-starred diversifications. The irony is that the most off-beat of the group's acquisitions – in computer software – is now the main profit earner and can be sold off to quieten the creditors.

In the circumstances, it may seem generous of the company, which lost £3m at the interim stage on continuing operations, to pay out an interim dividend at all; especially as the directors are forgoing the payment. But not all yesterday's news is so cheering. The executive being brought back as corporate saviour was finance director for four and a half years of the group's unhappy stock market career. And he is scheduled to receive £1.6m for arranging the purchase and sale of the stake in the software business. Although he has agreed to lend the money back to the company until 1991, he will receive commercial rates of interest in the interim.

This arrangement apparently dates back to a gentleman's agreement with the chairman in 1984, when the investment was first made. However, the paperwork on the deal was not completed until late 1988, when the software company was already a success. It is gratifying to learn of gentleman's agreements still being honoured in the late 1980s but shareholders might have been given the chance to approve the deal beforehand – and without the fait accompli of the chairman's 75.8 per cent stake voting for the payment.

Colonnade/B&C

Colonnade Development Capital may be a minnow as investment trusts go, with net assets of £9.7m, and a share price that has gone precisely nowhere since James Capel brought it to the market 14 months ago. Yet its future matters to a wider public than just the Derbyshire, Merseyside and South Yorkshire council workers who ended up owning more than a quarter of Colonnade's shares.

The problem is the unhealthy looking proposal Colonnade wants shareholders to approve at an EGM this Friday. The proposed deal is with Colonnade's investment manager BCDC, part of the ubiquitous British & Commonwealth's venture capital arm. About £4m of Colonnade's assets are in cash. But the deal would mean about £2.4m of that flowing into British & Commonwealth's coffers, to buy BCDC, plus B&C's stakes in Sherwood Computer and Verson Engineering.

Given the shape of Colonnade's portfolio, consisting of a string of modest stakes in what it hopes are growth companies, buying the Sherwood and Verson shares may not be too way-out an idea; though it is no comfort that Sherwood lost £1.98m in 1988. The first big sticking point – as it was with LWT and British Land – is a lavish option scheme, which could give 15 per cent of Colonnade to BCDC's management come 1993. The second is one's lingering feeling that the whole thing looks much too good to B&C – whose second-in-command, Mr Peter Goldie, doubles as Colonnade's chairman.

Last Friday's spoiling move by one of Colonnade's shareholders, Strategem, in the form of a 162p per share bid for Colonnade, could help defeat the deal with B&C. Or better still – since most of the Strategem offer is in illiquid loan notes – it could help flush out a higher bidder capable of liquidating Colonnade's portfolio at a profit.

Japanese yen

One of the big surprises of 1989 has been the weakness of the Japanese yen, especially when compared with the strength of the D-Mark. Both countries have economies which are growing faster than average and sport fat balance of payments surpluses. Yet the yen's effective exchange rate has fallen by over 10 per cent while the D-Mark's has risen by almost 5 per cent. Admittedly, West Germany has been more aggressive in raising its domestic interest rates and the Japanese trade surplus has been shrinking for nine months in a row. However, this week's rise in Japan's discount rate should have helped bolster the exchange rate, and it has done very little. The assumption is that the yen will strengthen in the coming year, but if money continues to flow out of the yen, it is hard to be overly bullish about the prospects for the Japanese equity market in 1990.

Bank accounts frozen

Continued from Page 1

At the request of Mr Moritz Leuenberger, a Swiss member of parliament and lawyer acting on behalf of a group of Romanian exiles, the Swiss Justice Department had instructed UBS and Crédit Suisse on Friday evening to freeze the Ceausescu funds provisionally.

Swiss newspapers have alleged that \$400m of funds have been hidden abroad by the Ceausescu family, a large part of which is said to have been converted into gold. Ex-King Michael of Romania is the source for this figure.

While authorities have responded promptly to the requests to block the Noriega and Ceausescu accounts, long legal battles can be expected before any funds are recovered. The Philippines has so far won back only \$2.13m deposited in Geneva by an associate of ex-President Ferdinand Marcos, when the total sum is believed to be in excess of \$600m. The Marcos accounts in Swiss banks were first blocked in March, 1986.

Moreover, it is by no means certain that either Noriega or Ceasescu funds still exist in Swiss banks. One Swiss banker suggested that Noriega was too smart to have left his money in Switzerland.

Crédit Suisse has already denied that any account exists in Ceausescu's name. A UBS spokeswoman said that under new internal bank rules any deposit by a person as important as the late Romanian president would have had to be sanctioned by a member of the UBS executive board.

US rebuffed by Vatican

Continued from Page 1

spilling secrets about his long association with the CIA, strongly denied that it was backing away from a US trial.

Mr Marlin Fitzwater, Mr Bush's press secretary, said: "Noriega can talk about the CIA and Bush until he is blue in the face. It won't hurt anything."

Mr Bush, who was CIA director in the mid-1970s, said he did not think Gen Noriega could reveal embarrassing information. "The main thing is that he should be tried and brought to justice and we're pursuing that course with no fear of that."

Mr Bush made clear that Washington was lukewarm about the idea of putting Gen Noriega on trial in Panama. However, he indicated that the US would not oppose a direct request from President Guillermo Endara, the newly installed President.

Before last week's invasion, Mr Bush, like his predecessor President Reagan, attempted to reach a deal with Gen Noriega which would allow him to move to a third country in return for giving up power in Panama. However, the General refused, arguing that the two US drug trafficking indictments left him vulnerable to being apprehended.

Gen Noriega was indicted in Miami on charges that he took a \$4.6m bribe from the Medellin cartel in Colombia to protect cocaine smuggling and money laundering operations in Panama. Another grand jury in Tampa, Florida, indicted the general on charges of taking a second \$5.4m bribe

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	8	46	Malta	R	13	55	Rhodes	C	16	61
Algiers	F	16	61	Edinburgh	Dr	-1	30	Manchester	F	6	43	Rio de J'o		31	88
Amsterdam	F	5	41	Faro	C	13	55	Manila	F	30	86	Rome	C	9	48
Athens	C	8	46	Florence	S	8	46	Melbourne	C	16	61	Salzburg	S	3	37
Bahrain		–	–	Frankfurt	C	1	34	Mexico City	F	24	75	San Francisco	C	6	43
Bangkok	F	33	91	Funchal	R	17	63	Miami	S	7	45	Seoul	S	-3	27
Barcelona	R	13	55	Geneva	C	1	34	Milan	C	4	39	Singapore		–	–
Beirut		–	–	Gibraltar	F	16	61	Montreal	S	-27	-17	Stockholm	Fg	3	37
Belfast	C	5	41	Glasgow	Fg	-1	30	Moscow	C	-5	23	Strasbourg	Fg	-1	30
Belgrade	C	2	36	Guernsey	C	9	48	Munich	C	-2	28	Sydney	S	25	77
Berlin	S	0	32	Helsinki	Dr	2	36	Nairobi	C	23	73	Taipei	R	21	70
Biarritz	F	13	55	H. Kong	C	16	61	Naples	S	10	50	Tangier	C	15	59
Bombay	F	27	81	Innsbruck	S	-2	28	Nassau	C	16	66	Tel Aviv	C	16	61
Bordeaux	S	13	55	Inverness	S	1	34	New Delhi	Fg	11	52	Tenerife	S	20	68
Brussels	S	5	41	Islamabad	F	15	59	New York	S	-13	9	Tokyo	F	13	55
Budapest	C	-2	28	Istanbul	C	9	48	Nice	S	11	52	Toronto	C	-17	1
B. Aires	C	32	89	Jakarta	R	30	86	Nicosia	T	15	59	Tunis	C	13	55
Cairo	S	20	68	Jersey	C	8	46	Oporto	F	12	54	Valencia	C	14	57
Cape Town	F	22	72	Jo'burg	S	29	84	Oslo	C	1	34	Venice	S	5	41
Caracas	C	27	81	Lima	F	25	77	Paris	F	6	43	Vienna	F	-1	30
Casablanca	C	16	61	Lisbon	C	14	57	Peking	S	-1	30	Warsaw	C	1	34
Chicago	Sn	-8	18	London	Dr	8	46	Prague	C	-1	30	Washington	S	-9	16
Cologne	S	1	34	Los Angeles	C	13	55	Reykjavik	F	-2	28	Zurich	C	-2	28
Copenhagen	C	2	36	Luxembourg	Fg	-1	30								
Corfu	C	10	50	Madrid	F	10	50								
Dallas	S	3	37	Majorca	R	12	64								
Dublin	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Leader declares communist rule is over

Continued from Page 1

– led by the feared Securitate secret police which is loyal to the late President Ceausescu – would now concentrate on attempting to assassinate the leaders of the committee and the Government.

There was no sound of gunfire in central Bucharest yesterday for the first time in six days, although some reports suggested that Securitate members had yesterday attacked the national television headquarters in the capital in the early morning. They were repelled in a 30-minute machine gun battle.

Residents of the suburbs of Ghencea and Pagura also reported prolonged battles in their areas overnight, and there were reports of 24 people killed in Ghencea yesterday morning. But other reports said the army forces were in control of most of the country.

According to a communiqué read on Bucharest radio yesterday, security policemen have until 5pm to surrender or be "tried and condemned" by special tribunals, indicating they would be executed. "If they surrender voluntarily, they will be tried and the death penalty will not be applied."

The Committee for National Salvation continued the task of establishing itself as a government. Mr Sergiu Celac, 58, a university professor, was named as the new Foreign Minister. Government members say that the Committee will eventually number 100.

Mr Cornelius Bogdan, who has been named as the new Deputy Prime Minister, yesterday gave the government's first press conference, indicating that the new regime wants to avoid a witch-hunt.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday December 28 1989

INSIDE

Water sale should not cause flood of debt

Before the flotation of the 10 English and Welsh water companies, investors worried that the long-term investment they needed would lead to a flood of debt coming on to the markets. Now Kleinwort Benson, the merchant bank, reckons they need not have worried. Its *report says that, although the newly-privatised* water companies are expected to become significant users of sterling and international debt markets as they raise capital, they will not make funding demands that the market cannot absorb. Page 15

Vesuvius to control molten steel

Cookson Group, the specialist industrial materials company, is to pay $95m for Flo-Con Systems, a US manufacturer of sliding gate valves and associated refractories used in the continuous casting of steel. The acquisition, from Masco Industries of the US, will extend the steelmaking technology offered by Vesuvius Crucible, a wholly owned Cookson subsidiary since 1967. Vesuvius is the world leader in ceramic refractories used in continuous casting, but it has been trying for some time to expand its range to include slide gates, which control and protect the flow of molten steel, writes Clay Harris. Page 14

Who wants to buy a Hilton?

Hilton Hotels shares fell sharply on Wall Street yesterday, following reports of disappointing bids for the Beverly Hills-based hotel and casino group, which put itself up for sale in August. Hilton shares peaked when analysts predicted that an auction for the chain of 270 US hotels and three Nevada casinos would fetch at least $6bn. In contrast, industry observers reckon that the highest offers were between $4bn and $4.5bn. Page 15

Wall Street's flower market

Salomon Brothers may be trying to present a gentle image to take it into the environmentally-conscious, caring 1990s. So muses Janet Bush, as she tries to work out why the US investment house's Christmas offering to the Wall Street press was a book on sending flowers long-distance. It would be fitting if the firm was just being quirky for the festive season; it has been a strange year for Wall Street, which has risen regardless of the weights tied to its ankles. Many investors will come out of 1989 considerably richer, but the market itself is looking to the 1990s in disarray, and risk arbitrageurs have been humbled. Page 28

Wang will sell Taiwan arm

Wang Laboratories, the troubled US computer group, is to sell 80 per cent of its Taiwanese subsidiary to a group of local investors for $160m. Wang Laboratories Taiwan is one of the group's largest manufacturing operations, ranking with those in Massachusetts and Ireland. It will shortly begin worldwide sales of a low cost personal computer it has developed, a machine down market from Wang's current range. Roderick Oram reports. Page 15

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
AEG	308	+	5	Cerus DA	45.2	+	2.9
Altana	415	+	11	Dassault A	615	+	80.4
BASF	301	+	15	Epeda	1390	+	82.7
BMW	558	+	31	Scoa DS	11	+	0.7
Hoechst	287	+	14	Falls			
Siemens	718	+	40	Sat	1468	−	49.3
NEW YORK ($)				Via Banque	398	−	17.2
Rises				TOKYO (Yen)			
Bk New England	8	+	3/4	Rises			
Exxon	50 1/2	+	3/4	Daiso	1640	+	220
Germany Fd	16 1/2	+	1 5/8	Dia Kensetsu	8000	+	910
Helvetia Fd	14 5/8	+	1 1/2	Mitsubishi Pen	3710	+	430
Falls				Nippon Beet	1340	+	200
Hilton Hotels	87 1/4	−	7 1/2	Pilot	2190	+	300
Walt Disney	108 1/8	−	5 5/8	Takashimaya	4990	+	900

New York prices at 12.30.

LONDON (Pence)							
Rises				Nat West Bk	342	+	7
Brit Aero	601	+	18	RMC	670	+	10
BP	334	+	7	Royal Ins	588	+	18
Brit Telecom	306 1/2	+	6	Sainsbury J	267	+	7
Cable & Wire	571	+	12	Unilever	717	+	16
Coloroll	72	+	8	Utd Biscuits	364	+	13
Cornell	224	+	24	Water Package	1520	+	50
Gen Acc	1220	+	15	Falls			
Glynwed	258	+	4	Carlton Comms	811	−	14
Guinness	685 1/2	+	11 1/2	French Connect	70	−	8
Kelsey	448	+	55	Maxwell Comms	228	−	7
Midland Bk	398	+	13				

Magnet admits it may have to return to banks

By Deborah Hargreaves in London

MAGNET, the heavily indebted UK kitchen and do-it-yourself retailer, unveiled a financial restructuring yesterday but said it could not rule out a renegotiation of the new terms at some stage during the next three years.

Magnet was one of the UK's largest management buy-outs when the £630m ($1bn) deal went through only five months ago. But amid Britain's retail downturn, the buy-out rapidly ran into difficulties and the company has been in talks with its bankers since October.

Yesterday's restructuring arrangement defers for three years interest payments on £190m of subordinated debt. It also reduces management's equity stake in the company.

It is based on a "rational and reasonable" forecast of the company's sales and growth prospects, according to Mr John Foulkes, Magnet managing director, who will become chairman next month. But "three years is a long time," he said, not denying that the company may have to renegotiate at a future date.

Others recently involved with Magnet are less sanguine and believe it could only be a matter of months before the company is in need of more cash.

Mr Roy Barber, who quit on December 19 only five weeks into a six-month contract as finance director, said yesterday he had resigned because he did not want to be associated with the restructuring. Part of the restructuring arrangement involves the resignation of Mr Tom Duxbury, the current chairman, who engineered the buy-out.

Mr Duxbury is to sever all ties with Magnet in January, leaving just two directors running the group holding company. "He will not have benefited at all from the takeover of Magnet," the company's advisers said.

Mr Foulkes believes Magnet will be able to meet its annual interest payments of some £30m under the deal, "if the market turns out in line with our predictions." He said his projections were "half the extent and twice as slow," as those of the previous management, which was forecasting annual growth of 15 per cent.

Magnet will continue to pay its senior bank debt under the restructuring, but is unlikely to pay equity dividends in the foreseeable future.

Management's stake will be diluted from some 20 per cent to a maximum of 5 per cent which will be reserved for an employee share ownership plan. The 15 per cent currently held by the management will be allocated to subordinated lenders.

Magnet argues that it will avoid the fate of household retailers such as Lowndes Queensway, which arranged a £70m cash injection of £70m after an initial refinancing proved inadequate.

Lex, Page 12

Deutsche Babcock likely to omit pay-out

By David Marsh in Bonn

DEUTSCHE BABCOCK, the West German engineering company, looks likely to pass a dividend on ordinary shares this year due to difficulties in its plant construction division.

The news badly hit the company's shares on the Frankfurt Stock Exchange, where Babcock shares fell DM25.5, or 9.7 per cent, to DM237.5 ($139.7).

According to the company's works magazine, dividend payments for the year ended September will be affected by "cost developments" on some outstanding contracts and "precautionary balance sheet measures."

Company officials were not available to comment on the meaning of this statement. But Mr Helmut Wiehn, chairman, said in a newspaper interview that Babcock would be forced to forego a dividend on its ordinary shares and would pay only the legal minimum of DM3 on its preference shares.

For the 1987-88 financial year, Babcock paid DM5 on its ordinary shares and DM5.5 on the preference shares.

For 1988-89, Babcock's turnover increased by 4.4 per cent to DM5.4bn, with the foreign proportion rising from 44 per cent to 48 per cent. Incoming orders rose 8.6 per cent to a value of DM5.2bn. Orders in hand at the end of the year were worth a total of DM6.6bn.

In 1987-88, Babcock registered a net profit of DM45m, on sales up 6.7 per cent to DM5.2bn.

First toots at the walls of Jericho

Tim Dickson looks at moves to liberalise Europe's insurance market

The mouse that roared. This is how Sir Leon Brittan, the European Community's Financial Services Commissioner, summed up last week's decision by EC internal market ministers to let consumers shop abroad for life insurance and private pensions.

Some observers, it has to be said, heard more of a squeak. But in view of the much more radical, and hence controversial, proposals to liberalise the sector due to be introduced in Brussels in the course of next year, agreement among member states on this modest first step is seen as significant.

Sir Leon has already provided an outline of his new ideas, notably the plan for a single insurance licence which, if adopted, would enable companies legally established in one member state to offer the full range of their *products in another (the same* rules, in other words, which will now apply to banks).

It is an ambitious concept – and one certain to be fiercely resisted by West Germany among others – yet the feeling in Brussels is that last week's breakthrough in the so-called "own initiative" directive is a hopeful sign that political opposition to change may finally be weakening.

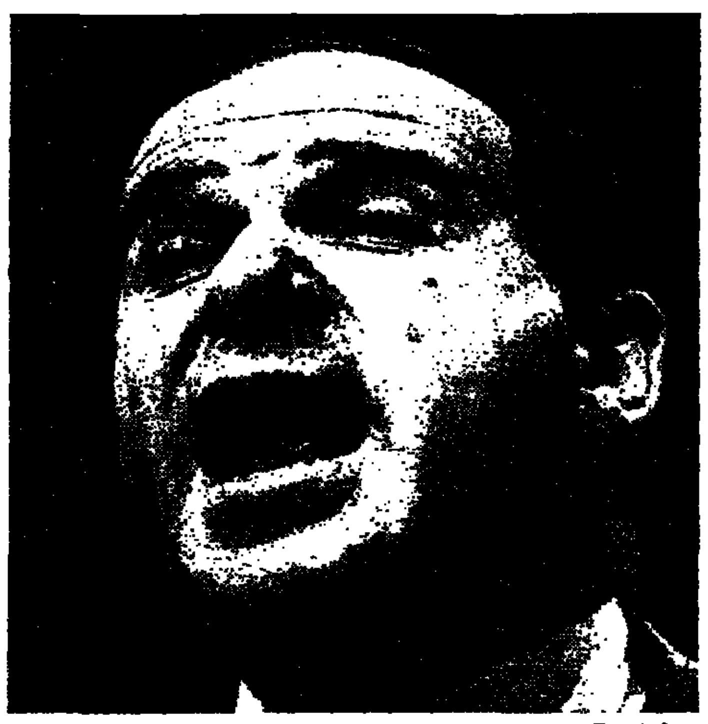
In itself, last week's decision will hardly transform the market place and those eyeing the mouthwatering prospects of a more open EC insurance market – European firms earned $120bn in premium income in 1987 – should not get too worked up.

The new freedoms, for example, agreed unanimously by the member states but not yet endorsed by the European Parliament, will apply primarily to people who *buy* insurance, not those who *sell* it. Such concessions are of limited use in an industry whose products traditionally are sold rather than bought, though the small print of the text provides "bonuses" which could increase in value for the industry over time.

After 1995, for example, it will be possible for consumers to enlist the support of an independent broker in their quest for the most attractive deal. This date was a compromise between liberal countries such as Britain and the Netherlands, which would have liked brokers to be involved much sooner, and those like the Germans which were reluctant to concede the principle at any stage.

Bonn's argument was that broker participation goes beyond the strict "own initiative" idea, while each had to face the problem that insurance intermediaries are not fully recognised or fully regulated in the Federal Republic.

Another controversial issue in last week's negotiations was whether to extend the original Commission proposal to include



Tony Andrews

Sir Leon Brittan: preparing to take a proper shy at national barriers

those seeking group arrangements – a key target for insurance companies offering supplementary or top-up pension schemes. The significant size and thus the vulnerability of this market – around ECU 1,000bn for the EC as a whole – appears to have worried the more conservative member states, though in the end the Council agreed that voluntary national exemptions should end by 1994.

The recent talks were nevertheless a tame curtain raiser for the real battle next year when Sir Leon will take a proper shy at the national barriers which have long been erected around this key corner of the financial services sector.

His ambition to make insurance a priority for EC action was spelt out unequivocally in a speech to insurance industry leaders in Brussels last month. Pointing out that dividing financial services into separate headings such as banking, investment services and insurance was becoming increasingly artificial, he warned of potential distortions to competition if new measures were not taken urgently.

Insurance, he said, lagged further behind other parts of the financial services sector. And consumers had "a right to the widest possible choice between different, innovative, and competitively priced insurance products."

Sir Leon drew the important distinction between freedom of establishment, which has been guaranteed for many years, and freedom for insurance companies to provide services. where limited progress has so far been made. "Freedom of establishment alone gives access to 12 separate national markets. It does not create a single market," he explained.

In December 1986, the European Court of Justice got things moving in a series of rulings which essentially upheld the principle of freedom of services. In an important qualification, however, it added that where consumers need special protection insurers should respect the host state's supervisory rules.

That ruling to a large extent has influenced Brussels' thinking and yielded the second non-life co-ordination directive (covering large industrial and commercial risks agreed last June) and the second life directive ("own initiative") which has just been given member state approval.

The key point in each case is that supervision is left to the insurer's country of establishment (home country control) on the grounds that the consumers affected know what they are doing and do not need special protection.

Sir Leon's justification for the single licence idea is that "full freedom of services on the basis of home country control is the natural single market objective and should come into being as soon as there is a sufficient Community basis of regulation and prudential control." The key question now is how much extra regulation is required to buy the support of the member states.

The Commission's answer is in essence "not much." Some of the measures (harmonisation of technical reserves, comparability of financial information) can be handled in the existing insurance accounts directive, which has already had a first reading in the European Parliament. Otherwise, the remaining "regulatory building blocks," as Sir Leon put it, will be included in the two framework directives covering both life and non-life, to be tabled next year.

Among issues for the non-life directive, for example, is the need to ensure the prudent investment of assets. "Our approach will be to establish a small number of simple rules governing such things as permissible assets; their diversification, their valuation; and the matching the currency of investments against the currency of risks. Requirements for the localisation of assets will be abolished," says Sir Leon.

He adds: "It is surely wrong that member states should subject insurance companies to restrictions which are imposed not to protect policy holders but to finance deficits or to promote local housing."

On the choice of contract law, long a preoccupation in the Community, the directive has established the important principle that in general it is the policy holder's residence, or the location of the risks he is ensuring, which determines the answer. No separate harmonising directive will be required, says Sir Leon. Contract law and policy conditions, however, will have to be tackled with the general aim again of removing clauses which do not protect the consumer.

Other important challenges relate to the taxation of policies and companies – Brussels is concerned that tax authorities in member states do not impose heavy bureaucratic procedures to deter foreign companies – while consideration is being given to ensuring the national tax regimes do not discriminate illegally in favour of insurance taken out on the local market.

Notwithstanding the intellectual simplicity of the Commission's approach, there are tough obstacles ahead. Reaction from UK insurers has generally been positive – something which commission officials fear may add to the feeling that it is all a British plot. After all, the top civil servant in charge of financial services, like Sir Leon, is also an Englishman.

The response elsewhere has generally been more muted and, while the French government has demonstrated unexpected enthusiasm for deregulation during its six-month EC presidency, Germany's insistence on its own high standards and regulations will be a formidable boulder to budge.

French Connection runs into loss

By John Ridding in London

FRENCH Connection, the UK fashion group, yesterday announced a sharp fall into losses as a result of increased competition in the European youth fashion market, problems in its West German operation and higher interest rates in Britain.

The group also revealed that Mr Michael Shen, French Connection's finance director between 1983 and October 1988, is returning to the group as chief executive and will receive a special payment of £1.6m ($2.6m) as a result of the disposal of the group's 32 per cent stake in Synon, the computer software company, for about £15m. Mr Shen will also receive from Mr Stephen Marks, French Connection's chairman, options representing almost 24 per cent of the company's shares.

Mr Shen said that his special payment is in return for introducing French Connection to Synon and for assisting in the disposal of the investment. Figures released yesterday showed that in the six months to the end of July French Connection plunged into pre-tax losses of £2.48m, compared with profits of £1.02m in the first half of last year.

Mr Marks blamed "difficult trading conditions," particularly in the group's German subsidiary, and warned that there would be further losses in the second half. Shares, which have fallen from 120p in July, lost another 8p yesterday to close at 70p.

Although the agreement between French Connection and Mr Shen was made after he had left the group to work for his father's business, Mr Shen said that "from day one there had been an understanding that there would be a reward for making the investment a success." He said French Connection had invested only £110,000 in Synon.

Mr Shen has agreed to lend the payment to French Connection on an unsecured basis, until June 1991. Mr Marks is also lending the group £1.6m, enabling loan facilities until the end of next year to be agreed with the company's bankers.

The proceeds of the disposal will be used to reduce the group's net borrowings of about £20.3m. General Atlantic Partners is paying £11.6m to acquire the stake, and Synon will pay an interim dividend of £3.4m to French Connection.

During the period, losses per share were 15.6p compared with earnings of 3.3p in the corresponding period. The interim dividend has been cut from 1.75p to 0.9p and the directors are waiving their payments, representing £113,000.

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Maxwell trumped on Monotype

By John Ridding in London

A BATTLE for control of Monotype, a UK manufacturer of typesetting systems and one of the oldest names in printing technology, erupted yesterday as Mr Robert Maxwell unveiled a £34m ($55m) bid, only to see it topped shortly afterwards by a marginally higher offer from Pointplus, a US investment company.

The increased US offer of 161p per share in cash, appears to spell defeat for the British publisher, who said his 160p offer was "final and will not be increased." Nevertheless, he will realise a profit on his 7.4 per cent stake, which has been largely built up since Pointplus launched its original recommended 150p bid last month.

After Mr Maxwell's bid, Pointplus, a newly formed vehicle for King Black & Associates, a US-based investment group, went into the London market to increase its 8.3 per cent stake. By the end of the day, market sources said Pointplus had taken its stake to about 10 per cent, with acceptances representing a further 13 per cent.

Monotype had earlier welcomed Mr Maxwell's cash offer of 160p cash but stopped short of recommending it. "There is no point in being a shuttlecock in this sort of situation," the company said. Monotype's shares closed up 2p at 163p.

Yesterday's bid battle represents the latest step in Monotype's long and turbulent history. Formed at the end of the 19th century, it was one of the pioneers of typesetting technology. But financial problems and the change in printing technology meant that two rescues were necessary between the mid-1970s and mid-1980s.

Recently, it has suffered renewed problems as a result of poor demand for its Laser-comp page composition equipment and increased competition from larger competitors. Figures released earlier this month showed that losses for the first half of the current financial year had risen from £908,000 to £1.29m.

Monotype's principal business is the production, supply and servicing of laser-based photo-typesetting machines.

Should the Pointplus offer be successful, it would represent the first move into the UK by KBA, which has investments in printing activities other than typesetting. KBA has said that it intends to keep Monotype's business intact and to maintain it as a British company while expanding its products in the US market.

For Mr Maxwell, Monotype would form part of Fifth Wave Technology, a subsidiary of his Mirror Group Newspapers which will manage investments in electronic pre-press publishing.

UK COMPANY NEWS

Cookson spending $95m to extend US steel side

By Clay Harris

COOKSON GROUP, the specialist industrial materials company, is paying $95m (£58.4m) for *Flo-Con Systems*, a US manufacturer of sliding gate valves, and associated refractories used in the continuous casting of steel.

The acquisition, from Masco Industries of the US, will extend the steelmaking technology offered by Vesuvius Crucible, a wholly owned subsidiary of Cookson since 1987.

Vesuvius is the world leader in ceramic refractories used in continuous casting; it has been trying for some time to expand its range to include slide gates which control and protect the flow of molten steel.

Flo-Con not only will add these products, but also increase Vesuvius's sales in the US, which at present account for only 15 per cent of the Cookson unit's global turnover. Flo-Con makes 75 per cent of its sales in the US but also has operations elsewhere in the Americas.

Mr Fergus Munro, finance director, said all regulatory consents had been received for the deal.

Flo-Con, based in Illinois, made operating profits of almost $13m in 1988 and expects a similar outcome this year. Its end-1989 book value is estimated at $33m before a revaluation which is expected to show a $20m to $30m increase in the value of fixed assets, Mr Munro said.

NEWS DIGEST

US company has 8.4% of Blue Arrow

SOUTHEASTERN Asset Management, the Tennessee-based investment adviser, has increased its stake in Blue Arrow, the world's largest employment agency, to 8.4 per cent.

The US company first emerged as a significant shareholder in Blue Arrow – whose £837m acquisition of the US Manpower group in 1987 led to a major City scandal – last September. At this stage, its holding amounted to 7.16 per cent of the equity.

Southeastern has remained silent over its investment intentions although Blue Arrow's chairman, Mr Mitchell Fromstein, has pointed out that the US investors were holders of Manpower shares in its days of independence.

Polly Peck discloses terms of pref issue

Polly Peck International, the agriculture, electronics and textiles group, has announced the terms of its $107.1m (£66m) preference share issue which will be used towards the acquisition of 51 per cent of Sansui Electric, the Japanese audio products maker.

The 7.25 per cent redeemable convertible shares 1994-2005 will be issued at $100 each and will be converted at 458p.

Westerly moves in to buy Faxline

Westerly has entered into a conditional contract to acquire SW (Communications), trading as Faxline and based in Bristol.

The initial consideration of £400,000 is to be satisfied by the issue of Westerly ordinary shares to the value of £20,000 and 11 per cent cumulative preference shares to the value of £380,000.

Further consideration to a maximum £200,000 may become payable dependent upon the profits of Faxline during the two years to December 31 1991.

In addition, there may be further value added consideration based on profits over the same two year period.

In the year ended October 31 1989 Faxline produced pre-tax profits of £88,154 on a turnover of £403,075.

Regal pays £3.1m for a Coventry hotel

In a cash deal worth £3.1m the Regal Hotel Group has acquired the Hotel Leofric in Coventry from Embassy Hotels. The purchase fits into Regal's policy of acquiring hotels in need of refurbishment and a complete refit will commence in 1990.

After the refit, at a cost of £1.5m, the hotel will be renamed the Leofric Regal and will be the largest and best-located in the group's present hotel portfolio.

'Hibs' into the red

Edinburgh Hibernian – the Hibs football club, which is quoted on the third market – reported an operating loss of £501,000 in the period to July 31 1989 on turnover of £1.78m.

The directors said, however, that there had been a substantial improvement in the performance of the company's leisure units and since the year end several peripheral leisure units had been sold.

Interest payable amounted to £288,000 and loss before transfer fees to £788,000; net transfer fees payable totalled £837,000. There was an extraordinary profit of £26,000 and the loss per 2p ordinary was 20.16p. *There is no dividend.*

Boardroom changes at European Leisure

By John Thornhill

EUROPEAN Leisure, the nightclub and leisure group, yesterday announced two boardroom changes.

Mr George Hendry, who was managing director of the Camden Palace Group when it was bought by European Leisure in August 1988, has been appointed an executive director. And Mr Michael Quadrini has ceased to be an executive director although he remains on the board in a non-executive role.

Mr Quadrini, who joined European Leisure in September 1988 when he sold the group five Newcastle-based businesses, also revealed yesterday that he had disposed of 2.31m European Leisure shares at 72p apiece. He still retains 3.47m shares in the company, representing just under 4 per cent of the total.

Sperati buttons up improved year

CA Sperati (The Special Agency), the South London-based button and trimming merchant, reported taxable profits of £54,874 in the 12 months to October 31 1989.

The outcome – up from £40,833 in the previous year – was posted on turnover of £739,720 (£762,725).

Earnings per 50p share were 40.12p (26.07p). There is again no dividend; the last payment was in 1980.

Danbury at £0.47m

Danbury Group, the Essex-based property developer which came to the USM last summer, announced pre-tax profits of £470,000 for the six months to end-September, on turnover of £3.46m.

Comparisons, for the year to March 31 1989, showed profits of £1.79m on turnover of £4.44m. However the latest results were struck after an exceptional charge of £600,000.

After tax of £165,000 (£623,000), earnings per 10p share worked through at 4.08p (18.74p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Pathfinder, Stewart Zigomala.
Finals- Flexello Castors and Wheels, Spectrum.

FUTURE DATES

Interims-	
Banks (Sidney C)	Jan. 10
Cardo Engineering	Jan. 8
Goode Durrant	Jan. 5
Hollas	Jan. 3
South West Water	Jan. 11
Southern Water	Jan. 11
Finals-	
British Kidney	Feb. 28
Borndene	Jan. 17
First National Finance	Jan. 2
Gestetner	Jan. 25
ICI	Feb. 22
Lloyds Bank	Feb. 23
Royal Insurance	Feb. 28
Spectrum	Dec. 28
Torex Hire	Jan. 10
Union Discount	Feb. 7

Wassall gets scant response to bid for Metal Closures

By John Thornhill

WASSALL, the mini-conglomerate, has received acceptances for 30.41 per cent of the ordinary shares of Metal Closures Group at the first close of its £46.3m offer.

Acceptances, however, include a 29.96 per cent stake held by Suter, the industrial holding company headed by Mr David Abell, which has already been committed to the bid. Wassall has, therefore, won only 0.45 per cent of MCG's remaining shares.

Mr Richard Graves, MCG chairman, quickly pounced upon the low level of acceptances, saying that it showed the support his company was receiving from shareholders. But Mr David Roper, a director of Wassall, said it was still very early days in the bid. "We are quite happy to sit tight where we are," he said.

Wassall's shares climbed 4p on the day to close at 183p, but MCG shares were unchanged at 180p. The offer, which currently values each MCG share at about 179p, is extended to January 5.

Wassall launched its cash and shares bid at the end of October, *but its approach was immediately rejected by the Birmingham-based packaging* and printing company as "opportunistic, derisory and totally unacceptable."

Just before Christmas, MCG announced that it was looking for a white knight but no further statement on the subject has been made.

Whitegate takes further steps in discotheques

By Nikki Tait

WHITEGATE Leisure, the acquisitive Third Market leisure company headed by Mr Nick Oppenheim, is buying two further discotheques for a total of about £2.5m.

The larger purchase is the *Gas discotheque at Cheltenham*. Whitegate is paying £1.4m – the value put on the leasehold property by surveyors Conrad Ritblat – and acquiring stock at valuation, estimated to be around £30,000. The consideration is being satisfied by the issue of 3.64m shares which have been conditionally placed at 38.5p each.

The second deal concerns Pier 39 at Cleethorpes, which trades principally as a discotheque. This is being bought for £1.05m, plus stock at valuation *of £5,000. In this case, Con*rad Ritblat has estimated the freehold property to be worth £1m. Whitegate is issuing 2.72m shares to pay for the Cleethorpes business, again conditionally placed at 38.5p.

Yesterday, Whitegate shares were unchanged at 39p.

Rex Williams runs into £1.9m loss for 18 months

REX WILLIAMS Leisure, whose chairman is boxing promoter Mr Frank Warren, incurred a £1.87m loss before tax in the 18 months to end-May. This compares with £225,000 profit in the previous year to end-November 1987.

The figure was scored after an exceptional charge of £570,000, relating to fixed asset write-downs in the gaming division and the launch costs of 3001 Space Adventure.

Below the line the company was hit by an extraordinary charge of £1.34m. This, it said, comprised losses on the disposal of Dalton Watson and Polyfast and other abortive acquisition costs. In its statement, the company maintained that a number of acquisitions proved "most unsuccessful" and that the Dalton disposal was part of an attempt to stem losses and "eliminate problems".

The loss per share worked out at 7.9p, compared with earnings of 1p last time, and there is no dividend. However, the company added that its operations were currently trading at a "more satisfactory level".

Electric & General net assets improve

Net assets per share of Electric & General Investment at the half-year ended November 30 1989 stood at 138.2p, a 34 per cent improvement on the 102.9p of a year earlier.

Dividend income from investments rose to £2.19m (£1.53m) but income from investment interest fell from £107,500 to £80,000. Interest received surged to £582,802 (£139,955) as did other income at £75,316 (£9,595).

After interest payable of £477,342 (£397,784) and administration expenses of £191,278 (£147,338) pre-tax revenue increased to £2.24m (£1.25m).

Tax took £614,749 (£347,437) after which earnings per share worked through at 1.8p (0.99p).

Directors declared an interim dividend of 1p (0.6p) and expect that the final dividend will at least be maintained.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1988							
2nd qtr.	108.5	112.8	32.0	118.7	128.7	2,364	253.2
3rd qtr.	110.5	115.9	28.7	120.1	128.9	2,228	244.5
4th qtr.	110.2	117.1	29.5	121.9	125.4	2,101	251.4
December	109.9	117.8	32.3	121.1	131.9	2,047	257.8
1989							
1st qtr.	108.5	118.9	36.2	121.5	128.4	1,988	254.5
2nd qtr.	109.2	119.3	34.6	122.3	132.7	1,803	222.4
3rd qtr.	110.7	119.4	35.5	121.7	134.7	1,762	209.2
January	108.5	118.8	35.4	118.5	124.3	1,998	230.9
February	109.1	118.5	35.9	122.1	128.9	1,917	[illegible]
March	108.9	118.8	36.7	122.6	127.4	1,850	[illegible]
April	110.3	118.7	34.7	120.9	131.6	1,836	[illegible]
May	109.3	119.7	34.1	124.5	133.4	1,818	224.4
June	108.9	119.4	34.8	121.6	133.6	1,767	[illegible]
July	110.8	119.5	34.7	121.8	135.6	1,765	210.6
August	111.8	120.3	36.2	121.5	134.9	1,694	209.7
September	110.5	118.5	35.5	122.3	138.6	1,674	214.6
October	111.4	119.8		121.8	140.2	1,674	214.6
November				120.5		1,679	[illegible]

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
2nd qtr	111.5	108.7	100.8	110.4	120.7	100.5	20.1
3rd qtr	114.0	113.1	103.3	114.6	125.1	101.7	20.4
4th qtr	114.5	116.1	105.3	118.9	124.3	101.2	18.4
December	115.3	115.8	100.6	118.9	125.8	100.8	14.2
1989							
1st qtr.	114.9	119.1	102.9	118.8	130.3	101.0	17.9
2nd qtr.	115.5	120.1	102.7	118.5	133.4	98.8	16.8
3rd qtr.	114.6	123.6	104.5	121.1	134.2	97.4	14.8
January	114.8	119.4	102.5	119.9	137.6	101.6	19.8
February	115.5	118.6	105.5	116.0	127.8	100.8	18.4
March	115.8	118.1	104.2	119.9	127.2	100.7	15.9
April	116.2	116.9	105.5	118.8	138.9	102.8	18.4
May	115.4	120.7	109.9	120.9	122.8	98.5	18.6
June	114.9	122.8	101.6	121.0	117.9	95.9	17.7
July	116.2	123.4	103.0	122.0	129.8	97.8	15.6
August	114.7	125.3	105.5	122.5	128.8	97.0	14.1
September	113.8	122.9	105.1	120.8	134.8	96.0	14.2
October	114.6	128.8	104.2	125.6	134.9	94.0	15.1

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	107.3	118.8	-4,408	-3,061	+730	97.8	44.04
2nd qtr	114.9	128.2	-4,530	-2,781	+505	97.1	48.52
3rd qtr	112.8	134.3	-6,724	-5,416	+527	97.4	50.42
4th qtr.	107.8	134.7	-6,465	-5,365	+280	96.7	51.69
December	109.8	133.2	-1,815	-1,445	+182	97.6	51.69
1989							
1st qtr.	112.3	140.5	-5,984	-4,761	+295	98.7	50.46
2nd qtr.	113.4	140.8	-6,670	-4,903	+294	96.8	49.57
3rd qtr.	118.5	148.2	-6,717	-5,817	+301	96.2	42.88
January	117.1	145.1	-2,047	-1,646	+116	98.9	51.71
February	105.1	138.9	-2,224	-1,823	-6	98.6	51.62
March	116.3	138.2	-1,783	-1,392	+141	98.7	50.46
April	110.9	140.0	-2,193	-1,871	+116	98.9	47.26
May	115.6	138.4	-1,725	-1,403	+57	98.9	48.68
June	117.7	142.1	-1,861	-1,629	+122	98.9	50.57
July	116.1	148.6	-2,555	-2,255	+75	96.2	43.68
August	113.8	149.7	-2,244	-1,944	+145	96.6	43.21
September	125.9	149.3	-1,918	-1,618	+82	96.9	42.88
October	120.2	142.9	-1,844	-1,544	+132	98.3	38.06
November							38.77

FINANCIAL-Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1988							
2nd qtr	6.6	14.6	16.5	+22,569	4,172	+1,607	9.50
3rd qtr.	7.7	18.8	18.5	+22,462	3,152	+995	11.88
4th qtr.	7.7	18.9	17.6	+19,568	2,166	+895	12.76
December	7.5	18.9	17.6	+7,613	819	+289	13.00
1989							
1st qtr.	6.7	14.7	18.1	+21,182	2,887	+894	13.00
2nd qtr.	6.6	11.2	18.5	+20,310	1,735	+998	14.00
3rd qtr.	5.3	9.9	17.4	+25,145	2,265	+682	14.00
January	7.4	15.5	18.9	+7,811	704	+152	13.00
February	4.8	15.5	18.4	+5,963	1,664	+293	13.00
March	6.1	14.7	18.1	+5,899	515	+339	13.00
April	5.8	14.5	17.9	+6,582	1,175	+341	13.50
May	6.2	12.8	18.1	+5,470	713	+471	14.00
June	5.9	11.2	18.5	+7,500	482	+186	14.00
July	5.2	10.1	18.8	+7,743	559	+249	14.00
August	6.1	10.1	17.3	+7,566	621	+388	14.00
September	4.5	9.9	17.4	+10,446	615	+76	14.00
October	5.2	8.5	17.2	+6,382	704	+174	15.00
November					127		15.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100).

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1988							
1st qtr.	98.4	98.9	111.8	103.7	103.4	1,747	75.3
2nd qtr	98.7	97.3	113.6	105.2	104.8	1,817	77.6
3rd qtr.	100.8	96.2	113.9	106.6	104.7	1,692	75.9
4th qtr.	104.1	100.1	115.2	109.9	105.7	1,587	77.5
November	103.7	99.8	115.2	110.0	105.7	1,598	77.1
December	106.9	102.6	115.4	110.3	106.5	1,621	78.8
1989							
1st qtr.	105.4	102.8	116.8	111.7	107.8	1,876	97.1
2nd qtr.	108.0	104.4	118.2	114.9	110.2	2,018	93.6
3rd qtr.	110.0	109.1	119.5	116.0	110.7	1,912	91.7
January	104.2	104.9	116.4	111.0	107.4	1,980	97.3
February	104.6	101.8	116.8	111.8	107.7	1,954	97.4
March	107.3	102.4	117.2	112.3	108.3	1,988	95.9
April	107.3	103.9	112.6	114.3	108.6	2,016	95.5
May	107.5	104.7	118.3	115.0	110.2	2,010	94.3
June	109.1	104.7	118.6	115.4	110.7	2,027	91.1
July	110.2	102.8	118.8	115.5	110.1	1,940	92.2
August	108.1	102.7	119.5	115.8	110.6	1,952	91.8
September	110.7	103.9	120.0	116.6	111.3	1,909	91.3
October	111.7	104.1	120.6	117.5	112.4	1,858	88.7
November		105.6	120.8	118.5	113.5	1,852	87.3

*Not seasonally adjusted.

†Net changes in amounts outstanding, excluding bank loans.

INTERNATIONAL COMPANIES AND FINANCE

Hilton shares dip on reports of low bids for group

By Anatole Kaletsky in New York

HILTON HOTELS' shares fell sharply on Wall Street yesterday, responding to reports of disappointing bids for the Beverly Hills-based hotel and casino group, which put itself up for sale in August.

Hilton's shares fell $5⅛ to $84⅞ yesterday morning, after a 3% decline the day before. The shares peaked at $115 in the summer. At that time analysts were predicting an auction for Hilton's chain of 270 US hotels and three Nevada casinos would fetch at least $120 a share or $6bn in total.

The international hotels bearing the Hilton name have long since been spun off into a separate company and now belong to the UK-based Ladbroke hotel and gaming group.

According to industry observers, the highest offers to have come in for Hilton were in the range of $4bn to $4.5bn, equivalent to between $80 and $90 a share.

A large factor in the disappointing level of the bidding has been a low level of Japanese investment interest. Japanese companies and individual investors were the high bidders in several big hotel auctions that fetched unexpectedly high prices earlier in the year. This led Wall Street analysts to speculate that Japan investors would eagerly top all other offers for a prestige group of properties such as Hilton.

However, Japanese involvement in highly publicised US property transactions is widely believed to have been informally discouraged by the country's Ministry of Finance after an unexpected storm of controversy in October, when Mitsubishi Estate announced that it was buying a controlling interest in New York's Rockefeller Center.

As a result, a number of high-profile US property transactions, including the proposed sale of the Sears Tower, have failed to pull in high offers.

Fears of torrential water company debt trickle away

Andrew Freeman hears that the industry's funding demands will be no more than the market can absorb

The UK's newly privatised water companies are expected to become significant users of sterling and international debt markets as they raise capital to fund *their long-term investment programmes*. However, they will not make funding demands the market cannot absorb.

That is the conclusion drawn by analysts at Kleinwort Benson in a report examining the impact of likely water company financing. Before the flotation, there was talk of a flood of debt issuance, leading to investor worries that huge volumes of new water company debt would cause spreads of existing deals to widen. Kleinwort's analysts say that this talk was "ill-informed."

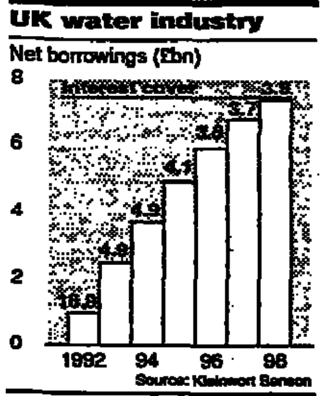
Just before Christmas, five of the 10 water authorities *announced that they had taken* 15-year loans totalling £294m ($477m) from the European Investment Bank (EIB), while Thames Water said it was also intending imminently to tap the long-dated sterling market with a bond issue via Credit Suisse First Boston, the underwriting house.

Kleinwort estimates *long-term debt issuance* by water companies in 1990 at £750m. The analysts say that early issuance will be encouraged by the current yield curve and the historically low absolute cost of long-term funds.

In the next decade, the UK water industry intends to pursue a £24bn capital expenditure programme. Taking a debt write-off and a £1.6bn push from the UK Government into account, and assuming that the raising of further equity is unlikely in the near future, Kleinwort estimates that net debt for the industry in 1998 will be roughly £7.2bn.

This figure suggests an average gearing for the companies of around 50 to 60 per cent of net asset value. The industry's ability to comfortably service this level of borrowing can be measured by its projected interest cover, which is set to stabilise at a low level by 1994.

UK water industry



Source: Kleinwort Benson

Given the nature of the companies' capital expenditure, Kleinwort says that up to half of their liabilities will have maturities in excess of 15 years. The EIB will continue to provide funds on a regular basis, but its loans will probably be limited to 15 years and will not be secured by assets.

The water companies will also have strong tax motives *for using the leasing market to* raise funds, but this area of funding is dependent on which of their assets the companies are allowed to use as security. Nevertheless, Kleinwort says leasing could be a considerable source of funds.

Kleinwort predicts that the water authorities' use of the long-dated sterling market is likely to be restricted to £3.5bn over 10 years, compared with £2bn of borrowings in the five- to 15-year range and a further £2bn of working capital (the estimates allow for inflation).

Clearly, assuming investors *do not lower their current* exposure to debt instruments, this presents little threat of the market being overwhelmed by a torrent of deals for water companies.

Indeed, despite generally poor demand for fixed-rate bonds since 1988, the analysts believe the environment for new debt issues should improve early next year. They *cite the continuing cycle of* redemptions on the UK gilts market, a programme that should return a net £8bn to the market in the first quarter of 1990 alone.

Several factors should encourage investors to buy water company bonds. Unlike other corporate borrowers, the companies will continue to be subject to government supervision, with operating licences dependent on the competent undertaking of water and sewage functions.

Before a licence could be withdrawn by the Government, there would be a legal battle. If the Government proved its case against a licensee, assets of the core water business would transfer to any new licence holder.

This means that default and event risk for investors will be severely restrained, and Kleinwort thinks that spreads of water company bonds should show less volatility than is usually associated with corporate debt.

There is also the possibility that a series of issues, backed up by deals for the electricity companies if they are ever privatised, might create a market for utility stocks that would operate alongside the UK gilts and provide a useful alternative for investors.

Finally, water company bond issues could be structured with covenants to protect investors against the consequences of diversification by the borrower. The reliability of the companies' cash-flows means that there should be only a narrow differential between their secured and unsecured borrowings.

Japanese group to buy Pioneer's RZ Mines

By Kenneth Gooding, Mining Correspondent

NISSHO IWAI, a Japanese trading house, emerged yesterday as the winner in the race for Pioneer International's mineral sands mining operations in Australia.

The Japanese group said it would pay A$240m (US$189m) for RZ Mines, located at Newcastle, New South Wales, and Cable Sands, based near Bunbury in Western Australia.

Nissho Iwai said the two mines between them were expected to supply about 10 per cent of the world's annual titanium requirements and about 6 per cent of the zirconium.

Renison Goldfields Consolidated and CRA, both of Australia, and a Finnish company, probably Outokumpu, are among the companies believed to have tendered for Pioneer's Australian interests.

Analysts suggested that the price paid by the Japanese was a good one, reflecting the profitability of the mineral sands operations.

Bouygues in bank deal

By William Dawkins in Paris

THE BOUYGUES family, which lends its name to the leading French construction company, has taken over Saudi European Bank, a small Paris-based commercial bank, for an undisclosed sum.

The purpose of the deal is to help Bouygues, Europe's largest construction group, achieve better access to contracts in the Middle East, as well as to support a diversification into commercial banking, said the company.

It forms part of the same strategy that led Bouygues to take a 3.5 per cent stake in Banco Central, Spain's largest industrial bank, just before Christmas.

Treasuries recover in sluggish trading

By Karen Zagor in New York and Deborah Hargreaves in London

US Treasury bonds yesterday partially recovered from Tuesday's substantial losses, although trading volume remained sluggish.

At mid-session, the benchmark 30-year issue was up ⅛ point, after falling 1¼ point during the previous day on worries about inflation. The long bond was quoted at 101⅜, below its two month trading range of 102 to 103. Yield for the long bond was 7.97 per cent. Short-dated Treasuries were narrowly mixed during the morning session.

GOVERNMENT BONDS

The Federal Reserve-arranged overnight system repurchase agreements with Fed funds were trading at 9¼ per cent, well above the Federal Reserve's target 8¼ per cent. The funds' firmness was largely due to seasonal factors, dealers said.

Gilts fell as the market reacted to a sharp drop in US Treasury bond prices on Tuesday as well as Monday's discount rate increase in Japan.

A weaker pound also had an impact with the Bank of England's trade-weighted index dipping to 86.5 from a previous close of 86.9. However, trading was sparse as volume on the London International Financial Futures Exchange's long gilt futures contract showed. It was at 1,381 lots in one of the contract's quietest days in its 7-year life.

Gilts drifted all day and the long 11¾ per cent gilt closed ⅝ of a point lower at 111¼.

Swiss Bank Corp is raising its cash bond rates by up to ⅝ point. Three-year rates will rise ¼ point to 6⅞ per cent, and four, five and six-year bonds will all rise to 6⅞ per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-00	-5/32	11.73	11.76	11.87
		8.750	1/96	95-16	-5/32	10.60	10.57	10.62
		9.000	10/08	94-02	-10/32	9.69	9.63	9.85
US TREASURY *		8.000	8/99	99-22	+5/32	7.92	7.76	7.79
		8.125	8/19	101-22	+6/32	7.97	7.83	7.90
JAPAN	No 111	4.800	6/99	94.4301	-0.086	5.70	5.76	5.35
	No 2	5.700	3/07	100.4366	+0.088	5.65	5.62	5.48
GERMANY		7.000	9/99	98.1000	-0.600	7.27	7.19	7.26
FRANCE	BTAN	8.000	10/94	92.6906	-0.559	9.97	9.77	9.65
	OAT	8.125	5/99	92.5700	-0.509	9.33	9.14	9.14
CANADA *		9.250	12/99	97.7500	-0.625	9.60	9.44	9.56
NETHERLANDS		7.250	7/99	96.1400	-0.385	7.83	7.80	7.76
AUSTRALIA		12.000	7/99	95.3594	+0.806	12.85	13.04	13.10

London closing. *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Wang will sell 30% of Taiwan arm

By Roderick Oram in New York

WANG Laboratories, the troubled US computer group, is to sell 30 per cent of its Taiwanese subsidiary to a group of local investors for $160m.

Wang Laboratories Taiwan is one of the group's largest manufacturing operations, ranking with those in Massachusetts and Ireland. It will shortly begin worldwide sales of a low cost personal computer it has developed, a machine down market from Wang's current range.

The group gives no figures for the Taiwan subsidiary. In the financial year 1989, Wang's Asia/Pacific division, including Taiwan, reported a pre-tax operating profit of $84m.

An investment group led by Rong Cheng Investment Company will buy the stake in Wang Laboratories Taiwan for a total of $160m. Boston-based Wang Labs will book after-tax proceeds on the sale, due for completion on January 15, of some $120m.

Wang's losses forced it earlier this year to renegotiate its debt and appoint a new president and chief operating officer, Mr Richard Miller.

Orix Ireland Finance $100m issue enlivens dull day

INTERNATIONAL BONDS

ACTIVITY ON the Eurobond market was slight yesterday as trading officially reopened after the Christmas holiday, writes Andrew Freeman.

Secondary markets remained closed for all but direct client dealing, while there were only two new issues on the primary market.

Daiwa Europe was the lead manager of a $100m four-year issue for Orix Ireland Finance, a subsidiary of Orix Corporation, the Japanese leasing company. The bonds carried an 8⅝ per cent coupon and were priced at 101⅝ per cent to yield around 70 basis points over the equivalent US Treasury.

In Switzerland, the European Investment Bank SFr125m 6¾ per cent issue traded on the secondary market for the first time and closed at 97% offered, compared with a 101⅞ issue price. The KfW International Finance SFr100m 6⅞ per cent deal was quoted at 97⅞ offered, against a 101½ issue price.

Mitsubishi Finance International brought a $50m drop-lock deal for Nippon Steel, not expected to be widely traded.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available-previous day's price
† Only one market maker supplied a price

[illegible]

INTERNATIONAL APPOINTMENTS

New board chairman for McDonald's

THE US-based fast food chain McDonald's, which has restaurants in over 50 countries totalling around 11,000, announced that Mr Michael Quinlan, 45, currently president and chief executive officer, will be promoted to chairman of the board from the end of March next year and retain the position of CEO.

Mr Fred Turner, 56, chairman of both the board and executive committee at present, will become senior chairman and continue as chairman of the executive committee.

* * *

WALT DISNEY, the US entertainment and leisure group, named Mr Judson Green senior vice president and chief financial officer.

He succeeds Mr Gary Wilson, who accepted a five-year contract to serve as a principal adviser and chairman of a new committee that will focus on finance and strategy.

Mr Wilson will stay on the board of directors.

Mr Green was senior vice president and chief financial officer of Euro Disneyland. His replacement is Mr John Forsgren, vice president and treasurer of the parent company.

* * *

THE NEW YORK Stock Exchange has named Mr Roger B. Smith, who is chairman and chief executive of General Motors, to head a NYSE blue ribbon panel on market volatility and investor confidence.

The panel will seek to: address the widely expressed concerns about greater volatility and reduced investor confidence in the US equity markets; analyse the impact of market volatility in the US equity and related derivative markets on the creation and allocation of capital in the US economy; recommend actions, in either the public or private sector, to maintain a strong market for all participants.

The work of the panel is expected to be carried out over an approximate six-month period. It will include representatives of individual and institutional investors, academia, equities and futures exchanges, members of the NYSE member firm community, and NYSE-listed companies.

* * *

AMOCO, the Chicago-based oil and gas group, elected Mr Frederick Addy chief financial officer, effective January 1.

Mr Addy, at the moment vice president-finance, will succeed Mr James Cozad, whose planned retirement was previously reported. Mr Cozad is also resigning from the board.

Mr Lawrason Thomas was named executive vice president. He is currently president of subsidiary Amoco Oil.

* * *

NCNB, the North Carolina bank which is rapidly expanding through the southern US, elected Mr Timothy Hartman vice chairman from January 1.

Mr Hartman, 50, currently serves as vice chairman of NCNB Texas National Bank.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Dec 27 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Dec 22 Index No.	Thu Dec 21 Index No.	Wed Dec 20 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (204)	911.39	+1.4	12.68	4.76	9.66	31.31	898.97	898.09	900.42	774.87
2 Building Materials (28)	1102.69	+2.6	14.25	5.13	8.75	40.79	1074.81	1071.83	1072.86	943.66
3 Contracting, Construction (37)	1504.81	+1.8	16.42	5.14	7.99	56.62	1478.50	1475.31	1468.87	1471.60
4 Electricals (10)	2628.12	+0.8	10.28	4.73	12.23	85.19	2607.03	2615.76	2634.28	2290.95
5 Electronics (30)	1915.12	+1.3	9.59	3.82	13.41	53.95	1890.11	1878.48	1900.84	1762.45
6 Mechanical Engineering (53)	481.23	+1.5	12.04	4.77	10.12	17.06	474.28	474.41	471.69	406.70
8 Metals and Metal Forming (6)	472.83	+0.8	24.94	6.36	4.52	23.44	468.88	471.93	473.78	454.77
9 Motors (16)	381.04	+1.0	13.96	5.54	8.40	12.03	377.23	375.41	375.39	259.13
10 Other Industrial Materials (24)	1716.07	+0.4	9.64	4.41	12.22	56.40	1708.58	1714.15	1724.63	1304.37
21 CONSUMER GROUP (184)	1323.47	+1.1	8.60	3.46	14.56	34.91	1308.63	1304.42	1311.24	1018.52
22 Brewers and Distillers (23)	1539.84	+1.2	9.29	3.41	13.37	38.81	1521.82	1524.26	1528.25	1114.81
25 Food Manufacturing (20)	1162.92	+1.9	9.33	3.80	13.30	33.25	1140.87	1135.62	1141.97	923.36
26 Food Retailing (15)	2319.85	+1.8	8.99	3.15	14.67	52.06	2279.24	2268.25	2281.64	1781.29
27 Health and Household (14)	2699.49	+0.8	5.81	1.93	20.51	47.25	2676.82	2659.53	2683.02	1803.42
29 Leisure (34)	1655.98	+1.1	8.07	3.57	15.27	44.41	1637.99	1639.41	1652.48	1341.78
31 Packaging & Paper (14)	551.92	+0.3	11.93	5.21	10.50	10.70	550.33	549.09	548.99	521.91
32 Publishing & Printing (18)	3770.27	-0.3	8.37	4.66	15.43	121.48	3779.88	3780.57	3787.85	3220.74
34 Stores (32)	798.31	+1.1	11.03	4.68	11.82	27.92	789.44	784.32	786.54	683.26
35 Textiles (14)	523.14	+0.7	10.96	5.67	11.06	22.08	519.25	517.56	517.38	460.83
40 OTHER GROUPS (97)	1191.60	+1.0	10.50	4.47	11.46	40.88	1180.22	1174.81	1171.82	895.56
41 Agencies (17)	1543.74	+0.3	6.86	2.36	17.90	27.29	1538.99	1539.67	1548.83	1042.63
42 Chemicals (22)	1225.39	+1.0	12.37	5.22	9.51	48.81	1213.65	1210.03	1227.24	1026.93
43 Conglomerates (14)	1618.30	+0.6	11.29	5.33	10.36	68.81	1609.08	1606.80	1609.68	1249.42
45 Transport (13)	2308.79	+0.4	10.48	4.16	12.15	69.17	2298.88	2283.04	2268.93	1850.95
47 Telephone Networks (2)	1266.38	+2.0	10.03	4.05	12.97	38.54	1241.14	1225.78	1205.22	999.82
48 Miscellaneous (29)	1935.03	+0.5	10.41	4.68	10.79	65.42	1925.08	1925.27	1920.71	1184.31
49 INDUSTRIAL GROUP (485)	1193.49	+1.1	10.15	4.08	12.10	36.42	1180.02	1176.37	1179.00	936.09
51 Oil & Gas (15)	2420.62	+1.7	8.94	4.73	14.78	96.89	2380.95	2380.50	2398.58	1740.88
59 500 SHARE INDEX (500)	1295.85	+1.2	9.97	4.17	12.43	41.39	1280.27	1276.84	1280.69	1004.35
61 FINANCIAL GROUP (120)	858.53	+1.4	-	4.93	-	30.46	846.75	842.37	841.59	672.11
62 Banks (9)	884.84	+1.8	19.51	5.68	6.74	36.37	868.91	860.28	857.59	661.63
65 Insurance (Life) (7)	1450.87	+1.4	-	4.58	-	47.56	1431.47	1421.41	1423.95	932.65
66 Insurance (Composite) (7)	756.56	+1.9	-	5.00	-	28.34	742.70	739.65	740.20	524.52
67 Insurance (Brokers) (7)	1183.72	+2.3	6.37	5.31	20.91	47.09	1157.39	1152.46	1146.10	911.09
68 Merchant Banks (11)	473.84	+0.5	-	3.64	-	11.59	471.43	471.61	471.75	319.85
69 Property (49)	1228.76	+0.6	7.40	3.49	17.09	30.64	1221.43	1222.64	1225.00	1208.71
70 Other Financial (30)	335.50	+0.3	12.58	6.29	10.43	15.88	334.49	334.18	332.28	341.22
71 Investment Trusts (69)	1290.00	+0.6	-	2.81	-	26.53	1282.61	1281.18	1283.49	916.98
81 Mining Finance (1)	737.79	+0.9	10.12	3.65	11.11	22.25	731.38	727.53	728.81	564.57
91 Overseas Traders (7)	1567.53	+1.6	8.81	5.16	13.01	60.11	1542.73	1524.92	1523.80	1272.91
99 ALL-SHARE INDEX (697)	1191.52	+1.2	-	4.25	-	38.34	1177.11	1173.40	1176.10	922.51

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Year ago
FT-SE 100 SHARE INDEX§	2395.8	+33.8	2396.2	2368.7	2362.0	2353.0	2360.7	2342.1	2358.5	1787.7

FIXED INTEREST

PRICE INDICES	Wed Dec 27	Day's change %	Fri Dec 22	xd adj. today	xd adj. 1989 to date
British Government					
1 Up to 5 years	116.92	-0.08	117.01	-	11.71
2 5-15 years	129.90	-0.24	130.21	-	13.99
3 Over 15 years	140.04	-0.32	140.49	-	13.96
4 Irredeemables	158.02	-0.46	159.73	0.99	14.65
5 All stocks	128.26	-0.20	128.53	0.01	13.38
Index-Linked					
6 Up to 5 years	141.25	-0.04	141.30	-	2.79
7 Over 5 years	140.43	-0.28	140.83	-	3.84
8 All stocks	140.37	-0.26	140.74	-	3.74
9 Debentures & Loans	106.32	+0.32	106.28	0.30	11.22
10 Preference	84.77	-0.16	84.91	-	6.39

AVERAGE GROSS REDEMPTION YIELDS		Wed Dec 27	Fri Dec 22	Year ago (approx.)
British Government				
1 Low	5 years	10.18	10.13	10.32
2 Coupons	15 years	9.56	9.52	9.49
3	25 years	9.50	9.46	9.05
4 Medium	5 years	11.04	10.98	10.54
5 Coupons	15 years	10.00	9.95	9.71
6	25 years	9.66	9.61	9.30
7 High	5 years	11.18	11.13	10.72
8 Coupons	15 years	10.19	10.15	9.84
9	25 years	9.79	9.75	9.33
10 Irredeemables	†	9.65	9.60	8.94
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.85	3.83	3.78
12 Inflation rate 5%	Over 5 yrs.	3.62	3.60	3.77
13 Inflation rate 10%	Up to 5 yrs.	2.95	2.92	2.54
14 Inflation rate 10%	Over 5 yrs.	3.45	3.43	3.60
15 Debs &	5 years	13.21	13.01	11.51
16 Loans	15 years	12.47	12.48	11.25
17	25 years	12.03	12.07	10.98
18 Preference	†	10.84	10.80	10.41

§Opening index 2368.7; 10 am 2381.0; 11 am 2384.0; Noon 2387.1; 1 pm 2387.9; 2 pm 2388.5; 3 pm 2389.1; 3.30 pm 2390.8; 4 pm 2394.1 (a) 4.46pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	97	3
Corporations, Dominion and Foreign Bonds	3	9	29
Industrials	554	196	853
Financial and Properties	268	86	338
Oils	29	19	46
Plantations	0	2	8
Mines	25	54	81
Others	70	85	95
Totals	951	548	1,453

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Dec 18
- Last Dealings Jan 5
- Last Declarations Mar 22
- For settlement Apr 5

For rate indications see end of London Share Service

Calls in: Courtaulds, Britannic Assurance, Tuskar Res., Kelt Energy, Astra Hldgs., Ferranti, Corton Beach, Polly Peck.

LONDON TRADED OPTIONS

THE LONDON Traded Options Market was dominated yesterday by activity in the December FT-SE 100 index option contract, which expires tomorrow. The stock options were thinly dealt with only three managing to trade more than 500 contracts.

The December FT-SE contracts provoked the most interest, particularly the 2,400 series, as investors tried to guess whether the FT-SE index would be above or below that level when the options contracts expire. Further uncertainty will be provided by the release of the latest UK trade figures, just 10 minutes after the December expiry.

In an attempt to gauge where the December contracts will close, traders closely watched the December FT-SE futures, which expire at the same time as the options contracts. The December futures contract traded for most of the day at or above the cash index, though it was unable to break through the important 2,400 resistance point. Some options dealers said the shortage of stock makes a close above that level tomorrow highly likely, though futures traders were not so sure, noting that whenever the gap between the futures and the cash index reached more than 5 points, sellers appeared.

In any case, the direction of trade yesterday was tilted towards buying of FT-SE calls. Of the larger orders, Hoare Govett bought 300 December 2,400 calls at 6p and 7p. And Morgan Stanley bought 100 lots each of the December 2,250, 2,300, 2,350 and 2,400 at 136p, 89p, 43p, and 6p, respectively. Another market maker was said to have executed a spread trade, involving the purchase of 100 January 2,250 puts and the sale of 100 lots each of the January 2,200 and 2,100 puts.

Total FT-SE volume amounted to 4,009 contracts, of which 2,226 were calls and 1,850 were puts. The December 2,400 call was the busiest series, which traded 1,080 calls. Total market volume remained subdued, amounting to 10,015 lots, compared with 11,182 on Friday.

United Biscuits was the busiest stock option and traded 710 contracts. Lonrho was the second most active with 537 lots.

[illegible]

WORLD COMMODITIES PRICES

LONDON MARKETS

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$17.40-7.50w	+.425
Brent Blend	$20.15-0.20w	+0.45
W.T.I. (1 pm est)	$21.77-1.80w	+0.42
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$203-205	+12
Gas Oil	$230-231	+14
Heavy Fuel Oil	$110-112	+7.5
Naphtha	$181-182	+10
Gold (per troy oz)	$406.25	-7.00
Silver (per troy oz)	541c	-19
Platinum (per troy oz)	$510.15	+0.65
Palladium (per troy oz)	$136.25	-0.25
[illegible]		

[illegible]

US MARKETS

THE PRECIOUS METALS fell sharply as the markets reacted to a recovery in the US dollar and a perceived easing of international tension. Heavy long-liquidation touched-off large-scale commission house stops to push values lower in the gold, silver and platinum. The declines accelerated as the markets penetrated major support, but scattered bargain-hunting held the declines. Copper fell in response to a realignment of cash-forward spreads on the LME as long-liquidation sent values lower. Crude oil futures fell as a raising of spot margins forced long-liquidation and profittaking. The January unleaded gasoline contract came under pressure as traders rolled positions forward ahead of its expiry on Friday, otherwise, forward contracts along with the heating oil continued to reflect tightness of supply. Spot orange juice saw some profittaking, but the forward months remained limit-up. Cotton, too, saw a downside reaction on profittaking. Coffee underwent a technical reaction with speculative long-liquidation. Sugar futures fluctuated between support and resistance, with trade buying noted at lower levels cocoa was lacklustre. The grains continued weak with little fresh incentive in quiet trading. Cattle futures saw a technical sell-off, live hogs futures narrowed the discount to cash and bellies eased in anticipation of better supplies.

New York

[illegible]

Chicago

[illegible]

LONDON STOCK EXCHANGE

Strong advance but turnover thin

THE NEW equity trading account, which will take the UK stock market into 1990, got off to a good start yesterday, with share prices sharply extending their gains albeit in thin trading in City offices still somewhat sparsely attended after the Christmas break. The record close in the Tokyo stock market and a modest dip in sterling set the stage for a gain of 33 points in the FT-SE Index, with the financial stocks in the market limelight once again. London was given a closing boost by a firm opening on Wall Street on hopes that the Federal Reserve may ease credit policies.

The announcement at the weekend of a rise of 0.5 per cent in the Japanese official discount rate did little to shift confidence in the London market that any further gains in UK rates will be resisted, and that domestic rates will begin to ease next year. Yesterday's reaction in the pound gave further encouragement to the UK blue chip stocks, where overseas earnings benefit from lower sterling.

However, the most significant feature of the session was the sluggish level of turnover in equities: Seaq volume struggled to reach 100m by midday, and the day's final total of 223.3m shares was barely two-thirds of recent volume figures.

The FT-SE Index closed 33.8 points up at 2,395.8, with traders hoping to see the 2,400 mark challenged this morning. This would leave the Index barely one per cent off the existing 1989 high point reached on September 5.

Equities were led forward in the early part of the session by sporadic activity in the FT-SE futures contract. The December futures contract expires on Friday morning, and any premium against the underlying Index must therefore remain small. Each time the premium expanded yesterday morning, market firms moved to exploit the technical situation by selling the December futures contract and buying selected Footsie stocks.

Also helping blue chips stocks was the approaching end of the year which prompted the traditional last minute rush by fund managers to dress up share portfolios by purchases of the market's best-performing shares.

The market's cautious optimism on domestic interest rates was encouraged yesterday by reports that the chief executive of Natwest banking group had said in New York that UK rates could begin to ease next Spring and could fall to around 12 per cent by end-1990.

However, much of the market's near term progress is likely to hinge on the announcement tomorrow of the UK trade figures for November. Equity market analysts are forecasting a possible slight increase in the monthly deficit of £1.5bn on current account recorded in the previous month.

Account Dealing Dates

First Dealings:	Dec 27	Jan 15	Jan 29
Option Declarations:	Jan 11	Jan 25	Feb 8
Last Dealings:	Jan 12	Jan 26	Feb 9
Account Day:	Jan 22	Feb 5	Feb 19

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Dec 27	Dec 22	Dec 21	Dec 20	Dec 19	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.28	84.49	84.49	84.45	84.18	87.30	88.29 (8/2)	82.93 (4/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.67	92.67	92.67	92.41	92.33	96.13	99.59 (15/3)	92.02 (8/12)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1899.9	1869.2	1858.8	1866.0	1852.5	1447.1	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	311.1	312.9	315.0	313.1	311.3	184.6	317.8 (13/12)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2395.8	2362.0	2353.0	2360.7	2342.1	1787.7	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.50	4.57	4.59	4.58	4.59	5.06				
Earning Yld % (full)	11.02	11.17	11.22	11.15	11.21	12.78				
P/E Ratio (net)(x)	10.99	10.83	10.78	10.85	10.79	9.44				
SEAQ Bargains (5pm)	17,917	22,986	33,419	35,623	32,224	11,410				
Equity Turnover (£m)†	-	739.55	833.88	1213.80	1374.65	374.58				
Equity Bargains†	-	30,536	35,145	38,192	33,658	11,295				
Shares Traded (mil)†	-	403.8	368.6	451.7	655.4	168.4				

Ordinary Share Index, Hourly changes — Day's High 1897.3 — Day's Low 1871.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1873.8	1884.5	1887.1	1889.7	1890.4	1890.8	1891.5	1896.3

FT-SE, Hourly changes — Day's High 2398.2 — Day's Low 2369.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2368.7	2381.0	2384.0	2387.1	2387.8	2388.5	2389.1	2394.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. # Nil 10.94

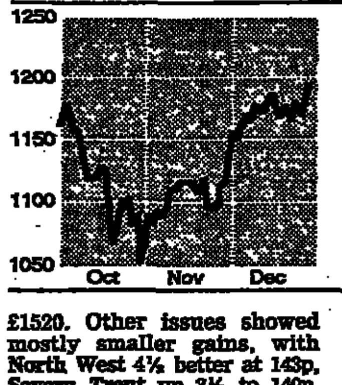
GILT EDGED ACTIVITY

Indices	Dec 27	Dec 21
Gilt Edged Bargains	43.1	62.3
5-Day average	63.7	71.0

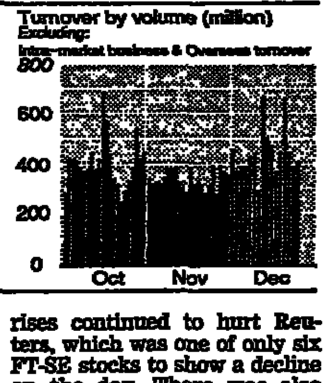
†SE Activity 1974. †Excluding intra-market business & overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

Further gains in oils

FT-A All-Share Index



Equity Shares Traded



Oil sector leaders continued last week's good form as continuing cold weather in the Eastern US buoyed the price of heating oil and in turn underpinned the crude price. The shutdown, after an explosion at the weekend, of an Exxon refinery in Louisiana, the second biggest refinery in the US, also drew attention to companies with functioning refining capacity.

However, Mr Fergus Macleod, at BZW, said that Shell had also cut back production at three refineries because the cold was cracking pipes. "So much for the greenhouse effect," he added. BP and Ultramar climbed 7 to 334p and 372p respectively, while Shell closed 7½ better at 485p, the effect of the difficulties at its refineries partly offset by a strong gas price in the US. In the light of yesterday's generally low level of market business, trading volumes were good.

Water shares were one of the more active sectors as the Package led the other issues higher. Dealers said there was a slight shortage of stock in Wessex and Northumbrian, enough to encourage institutions which had held back last week to top up their holdings indirectly through the Package. Wessex climbed 9 to 165p, Northumbrian added 8 at 169p and the Package jumped £50 to £1520. Other issues showed mostly smaller gains, with North West 4½ better at 143p, Severn Trent up 3½ to 140p, Southern 3 to the good at 148p, South West 7 firmer at 164p, Thames up 5½ at 152p, Welsh strengthening 5 to 149p and Yorkshire up 9 at 166p. Anglian went 5½ dearer to 160p as dealers said that one top securities house was persistently on the bid.

News that Maxwell Communications was negotiating to buy a stake held by Mr Alan Bond, the Australian businessman, in British Satellite Broadcasting, left Maxwell shares 6 lower at 229p. Stories that Carlton Communications might also try to buy the stake knocked 14 off its shares to 811p.

Profit taking after recent rises continued to hurt Reuters, which was one of only six FT-SE stocks to show a decline on the day. There was also press comment suggesting that 1989's strong share price performance would not be repeated in 1990. The shares bottomed at 995p before closing at 1002p, still 5 down on the day.

Lonrho hit a 1989 high on persistent talk that Mr Tiny Rowland, the 72-year old chairman, *might soon retire, but only after breaking up the company.* Some dealers believe that as a result the shares will be included in "tips for 1990" lists by pundits. The shares closed 11 better at 322p.

Financial stocks attracted attention from genuine investment buyers seeking defensive stocks for the New Year and also, in some cases, from more speculative investors.

Among the high street banks, Midland (384p) stood out well, but there were also modest gains in Lloyds (443p), Barclays (565p) and Natwest (342p). In TSB (132p), interest was more limited, however.

Similar activity was reported among the insurance stocks, where the composites recorded widespread gains.

Royal Insurance (562p) advanced and Commercial Union (530p), General Accident (1219p) and Legal & General (351p) were also firmer.

Cable and Wireless continued to benefit from last week's news that the company was in talks with China International Trust and Investment Corporation, an investment vehicle for the Chinese Government, about CITIC taking a minority stake in Hong Kong Telecom, 75 per cent owned by C and W. The shares added another 12 to 571p on turnover of 1.6m shares.

A number of small buyers and the prospects of increased sales in Eastern Europe caused a 10 per cent rise in Alba. The shares closed 8 up at 80p.

British Aerospace recovered from early weakness to end 18 up at 601p. A marketmaker said: "People are looking at the company on a yearly view and some think the shares are undervalued."

Hartwells added 4 to 116p as a single buyer was reported to have been in the market.

IMI hardened 5 to 219p. Explaining the rise, Mr Sandy Morris at County NatWest WoodMac said: "The market is coming to realise that only 20 per cent of the company's turnover depends on UK economic growth. The rest comes from overseas in growth markets like titanium for aircraft engines."

Glynwed recovered some of last week's falls that followed several profits downgradings. The shares closed 4 up at 258p.

Connells, the estate agency, extended Friday's rally on talk that a bid was imminent. Legal and General, which has just under 15 per cent of Connells, was mentioned as a possible bidder. Connells closed 24 higher at 224p.

Among other property stocks, the leaders moved higher on light buying, but appeared unwilling to match the gains of other alpha stocks. Dealers said worries about high interest rates continued to hang over the market and still deterred investors. Land Securities closed 6 higher at 530p, while MEPC finished 3 firmer at 398p.

The main beneficiaries of further thoughts on the sale last week of Whitbread's spirits division to Allied Lyons were Guinness and Grand Metropolitan. The valuations thus placed on those two's spirits operations gave dealers the excuse they needed to mark the shares higher. Guinness advanced 11½ to 685½p while Grand Met firmed 12 to 624p.

Tesco initially lost ground on speculation that it was poised to make a bid for a French food retailer. But it was unable to stay depressed for long and was soon dragged higher by the rest of the market. Tesco later said it would not comment on the speculation. Tesco finished 5 higher at 198p. Sainsbury moved briskly higher with some analysts commenting that it may have lagged the other market leaders and was due for a correction. Sainsbury's closed up 7 at 257p. Asda continued to lack direction and closed unchanged at 117p.

Unilever added 16 to 717p, helped by Tuesday's gains on Wall Street and sterling's losses against the D-Mark. Hillsdown gained 13 to 288p on early buying in a thin market.

The only company to report results was USM-quoted clothing retailer French Connection. It confirmed many of the fears surrounding niche retailers by slipping into a £2.5m loss, from a £1m profit at the interims stage. The company is closing its West German operation and warned that continued difficult trading meant there would be *further losses in the second half of the year.* The shares shed 8 to 70p.

There was strong turnover, 6.9m, in Burton as the shares went ex dividend. But the price advanced with the market to close at 202p, up 3½ xd.

Press speculation that Wardle Storeys, the plastic sheetings group, may be a candidate for takeover in the New Year, lifted the shares 12 to 300p.

Shares in Kelsey, the solder maker and roofing contractor, rose following publication last Friday of record full year profits of £3.4m and an increase in the dividend. The shares gained 55 to 448p.

Colorall hardened 8 to 72p following a press report that Williams Holdings had acquired a stake of around 1 per cent in the company. An analyst said: "I do not think it is likely to be taken over just yet but it could happen in the longer term." The shares in Williams Holdings edged forward a penny to 280p.

Blue Circle gained following press talk of a possible foreign bid for the company. Blue Circle closed 12 higher at 255p. The rest of the building sector reluctantly followed the market higher as the level of UK interest rates continued to worry dealers.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 16

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (77).
BRITISH FUNDS (1) AMERICANS (2) BANKS (11) BREWERS (3) BUILDINGS (1) CHEMICALS (3) STORES (1) ELECTRICALS (5) FOODS (2) INDUSTRIALS (8) AAH, Astra AB, BOC Grp., Glaves Grp., Photo-Me, Shiloh, INSURANCE (11) MOTORS (1) PROPERTY (1) SOUTH AFRICANS (8) TRANSPORT (2) TRUSTS (19) OILS (3) OVERSEAS TRADERS (2) MINES (1).

NEW LOWS (34).
AMERICANS (1) CANADIANS (1) BREWERS (1) BUILDINGS (1) CHEMICALS (1) STORES (2) ELECTRICALS (3) ENGINEERING (3) INDUSTRIALS (4) BSS Grp., Charter Cons., MY Hldgs., Porth Grp., PAPERS (3) PROPERTY (3) SOUTH AFRICANS (1) TRANSPORT (2) TRUSTS (8) OILS (1) MINES (1).

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

APPOINTMENTS

■ PREMIUM MANAGEMENT has appointed Mr Colin Taylor, an actuary, as an executive director. He was an associate director at Merrill Lynch Government Securities.

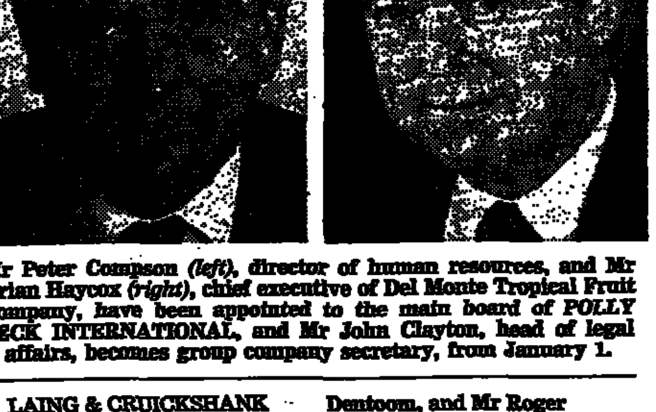
■ PANASONIC BROADCAST EUROPE, Slough, has appointed Mr Gordon Rafferty as sales director.

■ ROBERT BOSCH has appointed Mr Martin Wibberley as director of human resources at its Miskin, Cardiff, establishment. He was with Lex Service.

■ Mr Howard Spurr, managing director of P&P Corporate Systems, has been appointed a main board director of P&P.

■ Mr Bevan Waide, a director with Cooper & Lybrand and previously director of the World Bank resident mission in India, and Mr Michael McWilliam, director of the School of Oriental and African Studies, London University, and previously chief executive of Standard Chartered Bank, have been appointed to the board of the COMMONWEALTH DEVELOPMENT CORPORATION for three years from January 1.

Joining Polly Peck board



Mr Peter Compson *(left)*, director of human resources, and Mr Brian Haycox *(right)*, chief executive of Del Monte Tropical Fruit Company, have been appointed to the main board of POLLY PECK INTERNATIONAL, and Mr John Clayton, head of legal affairs, becomes group company secretary, from January 1.

■ LAING & CRUICKSHANK has appointed Mr Tony Mackintosh as head of research and marketing from January 2. He was a director, corporate finance, with Hill Samuel & Co.

■ MOCATTA & GOLDSMID has appointed as directors Mr Brian Burns, Mr Nigel Dentoom, and Mr Roger Province; and as assistant directors Ms Jean Hill, Mr Seamus O'Connell, Mr Simon Weeks, and Mr David Wilkinson. Becoming directors of subsidiary Mocatta Commercial are Mr Mark Slade, Mr Andrew Vale and Mr Daniel White; Mr Roy Carson and Mr O'Connell become assistant directors.

■ Mr William P.C. Grassick, chairman of Pict Petroleum, has been appointed a non-executive director of GEORGE WIMPEY from January 1.

■ Mr F.H.L. Horner has been appointed joint chairman of HEATH MARTENS HORNER, a C.E. Heath Group company. Mr L.E. Channing becomes managing director, and Mr A. Grove and Mr C.P. Sprowson have been appointed deputy managing directors, all from January 1.

■ Mr Geoff Stokoe has been appointed president of NEI Syncrolift, Miami, a business unit of NEI Clarke Chapman, Gateshead, of which he was marketing director.

■ Mr Paul Woddis, formerly managing director of Cussons, Manchester, becomes chief operating executive of SANOFI UK from January 2. He will take over responsibility for the four operational divisions - pharmaceutical, animal health, beauty, and bio industries. From the same date Dr David Brickwood becomes managing director of the pharmaceutical division. He was commercial director.

CONTRACTS

BICC Cables wins £122m oil-filled cable orders

The power division of BICC CABLES has been awarded a contract worth over £20m to supply and install, on a turnkey basis, a cable system comprising 80 km of 132kV oil-filled cable, and accessories. The underground system is to be installed as a double circuit over a 13.4 km route between the Sellindge convertor station and the Eurotunnel substation near to the tunnel portal, Folkestone.

BICC Cables has also won a £58m order from the Public Utilities Board, Singapore, to supply and install oil-filled cable for the Pulau Seraya power station; and a £44m contract with China Light and Power Co, Hong Kong, to supply oil-filled cables over a five-year period.

★★★

FERRANTI DEFENCE SYSTEMS, a subsidiary of Ferranti International, has won a £16m NATO navigation systems supply contract from the Ministry of Defence. Ferranti, in conjunction with Sperry Marine Inc, will supply equipment known as "NATO ship's inertial navigation systems" to the navies of Canada, the Netherlands, Spain and Britain. Ferranti will be the prime contractor and Sperry will be the major subcontractor and prime manufacturer.

★★★

MARKHAM & Co, Chesterfield, has won a £7m contract from Kvaerner Boving for the manufacture and supply of four Francis water turbines for a power scheme in Uri, Kashmir, India.

★★★

HEURTEY INDUSTRIES, a subsidiary of associate company Sofresid, has won a £17m contract from CRD-Total for the turnkey construction of a gasoline isomerisation (production) unit at its refinery in Normandy. This will produce high-octane gasoline to help meet the demand for lead-free petrol.

★★★

GKN AXLES, Salisbury division, has won its largest sales contract, worth over £17m a year, to supply axles to IBC Vehicles of Luton, Beds. The long-term contract will be supported by a £15.5m investment programme and will lead to the creation of around 240 new jobs. IBC is owned 60% by General Motors and 40% by Isuzu Motors of Japan. The GKN Salisbury division is already a supplier to IBC having produced the rear axle for the IBC Midi van since 1985.

★★★

RACAL RADAR DEFENCE SYSTEMS has contracts worth £46m for advanced electronic warfare systems for the Federal German Navy. The largest, worth £40m, is to supply 22 electronic support measures/counter measures systems for patrol boats which operate in the Baltic in co-operation with Royal Danish Navy ships fitted with similar equipment. The other contract is for £6m worth of development work as a sub-contractor to Telefunken System Technik.

★★★

THOMPSON KENNICOTT, part of NEI Thompson, Wolverhampton, has a £9m order to supply waste water treatment plant associated with the flue gas desulphurisation *plant to* be installed at Drax power station in Yorkshire. The contract was placed by Babcock Energy.

★★★

GOODMAN LOUDSPEAKERS, Havant, part of the TGI group, has a contract to supply loudspeakers for Ford Motor Company's first World Car to be introduced in the mid-1990s. It will involve supplying over 2m speakers per annum.

★★★

HOWDEN SIROCCO has a £20m order from Babcock Energy for booster fans and gas reheaters for the flue gas desulphurisation retrofit programme to the six 660 MW boilers at Drax power station. Being made in factories in Belfast and Renfrew, first equipment deliveries are scheduled for September 1991.

★★★

TAYLOR WOODROW has won a contract worth £15.76m to work 1.1m tonnes of coal reserves at Linton Lane, Morpeth, Northumberland. Serving the local power station market, the site is expected to produce 5000 tonnes of fuel a week.

★★★

REDLER, Stroud, has an order worth over £2m from CRISP Malting to supply malting plant to extend the maltings at Great Ryburgh, Norfolk. It will include a double-deck germinating vessel with rotating loader/turner/stripper, and a specially-developed steeping system. It will be ready to produce malt from the 1990 harvest.

BUSINESS LAW

Changes to false advertising statute

By Hugh Latimer and Jon B. Jacobs

ON NOVEMBER 16 1989, several changes to the US statute governing false advertising litigation between business competitors came into force. Amendments to section 43(a) of the Lanham Act have created a new federal cause of action for product disparagement and, more importantly, expanded the remedies available to successful plaintiffs.

These amendments are likely to increase the number of false advertising suits brought in the US courts and impose greater risks on businesses engaged in commercial *advertising or the sale of goods* in America.

Section 43(a), since its passage as part of the US Trademark Statute in 1946, has conferred a cause of action on persons likely to be damaged by "*false descriptions* or representations" used "in connection with any goods or services."

To establish a false advertising claim under this section, plaintiffs have been required to show that the defendant advertised a false statement of fact that has a tendency to deceive a substantial segment of its intended audience and is likely to influence purchasing decisions, and that this false statement is likely to injure the plaintiff. The plaintiff need not prove that the defendant intended to mislead in order to recover damages.

Last year, after three years of analysis and debate about the merits of the US trademark system generally, Congress enacted several changes to these requirements. The new law, establishes a federal cause of action for any: . . . false or misleading representation of fact, which . . . "(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities . . . ."

The change which has received the most attention in the US is the prohibition against false claims concerning "another person's" goods, services or commercial activities. Many courts have interpreted the statute's ban on false descriptions in connection with "any" goods or services to cover only *false claims about* the advertiser's *own* goods. This interpretation has given advertisers free reign to disseminate false and disparaging claims about the products of competitors so long as they steer clear of erroneous claims about their own products.

In response, Congress codified the more reasonable view that advertisers should be prohibited from misrepresenting the products of competitors as well as their own. The legislative history underlying this new provision *suggests that* the unfair competition laws of the states will not be pre-empted, opening the door for potentially inconsistent regulation of disparaging advertising claims under federal and state laws.

Because a defendant may be *liable under the Act* without intending to deceive or mislead, the creation of a federal law against "trade libel" raised concerns about free speech. To address these concerns, the statute was amended to reach only *false statements of "fact"* in "commercial advertising or promotion." Because courts have always interpreted the statutory prohibition against any "false description or representation" as requiring a showing of a misrepresentation of fact, this change should not have any appreciable effect.

The limitation of false claims made in "commercial advertising or promotion" was designed to meet the concerns of persons such as publishers of consumer product ratings and evaluations, who might otherwise be subject to lawsuits for unfavourable reviews of the plaintiff's product. The Act was also amended to limit relief against newspapers and other media entities to injunctions against future violations.

Despite its acclaim, the significance of the change permitting product disparagement actions should be kept in perspective. Most advertisements which make false claims about the products of competitors compare the advertiser's product with the competitor's. This comparison may, for example, take the form of "our product is better than Product X because ours contains more oat bran" (when, in fact, Product X contains more).

Such claims have always been covered by Section 43(a) because the advertiser is making the false claim that its own product contains more oat bran than does Product X. Only claims such as "Product X *does* not contain any oat bran," making no reference to the relative merits of the advertiser's product, will be covered for the first time.

A second change will expand section 43(a) to cover misrepresentations about the goods, services or "commercial activities" of another person, overruling a line of cases by the courts holding that the false claim must relate to the "inherent quality or characteristics" of the advertised goods or services.

Under these cases, a claim that a defendant's product was "an exclusive TV offer" was not actionable because it related more to the defendant's mode of advertising than to its product. This change is also unlikely to cause significant new litigation.

The most significant amendments are those increasing the remedies available to false advertising plaintiffs. Many courts have held that remedies provided by section 35 of the Lanham Act – *including the* award of the defendant's profits, treble damages, attorneys' fees and product recalls – are limited to cases involving trademark infringement. These courts have awarded plaintiffs their actual damages and entered an injunction against the defendant engaging in similar misrepresentations in the future.

Because the new law provides for the "full panoply" of Lanham Act remedies in false advertising as well as trademark infringement actions, advertisers will now be faced with the greater risks of forgoing their ill-gotten profits or paying treble damages.

An award of defendant's profits gained from false advertising raises several interesting issues. First, the statute shifts the burden of proving the amount of profit attributable to the false claim largely onto the defendant; the plaintiff is required to "prove defendant's sales only" and the defendant must prove its own "cost or deduction claimed."

Second, the courts will inevitably face the issue of whether profits should be apportioned among competitors other than the plaintiff that have also been damaged by the claim and, if so, how that apportionment should be made. Because of the difficulties inherent in apportionment, a sensible approach would be to limit awards of defendant's profits to cases involving claims expressly directed towards a *single competitor only.*

Treble damages and attorneys' fees are restricted by the statute's express ban against punitive damages and by the limitation of awards of attorneys' fees to "exceptional cases." These remedies have typically been granted in cases in which the defendant exhibited bad faith or engaged in intentional misrepresentation, and the legislative history of the recent amendments reflects the view that these remedies should continue to be used in "rare" cases.

None the less, where "wilful" or "egregious" deception is found, an advertiser's exposure under the Lanham Act can be enormous. Moreover, the Act's ban on punitive damages does not preclude an award of such damages under state unfair competition statutes or common law. The large damage awards in recent cases, ranging from \$10m to \$40m, can be expected to continue.

Product recalls, in which product packages containing false claims are removed from retail outlets, as well as corrective advertising, are likely to continue to be extraordinary remedies.

Just as significant may be the amendments that Congress decided *not* to adopt. First, Congress deleted a provision in the new Act as originally *drafted which would have prohibited* "omissions of material fact." Section 43(a) has never been interpreted as a "full disclosure" statute; only those omissions which cause affirmative representations to be misleading have been subject to the Act.

A provision permitting consumers to bring false advertising actions under Section 43(a) was also deleted. The Chairman of the Congressional subcommittee that considered the legislation stated his belief that the current law, which grants "any person" the right *to sue, already* provides for consumer standing.

Although this conflicts with the great weight of precedent, this "legislative history" will undoubtedly be cited in a consumer suit in the near future.

In sum, advertisers and sellers of goods in the American market should be more careful about their product claims in light of these amendments. Although most of the changes should not have substantial practical effect, the increase in the kinds of remedies available to plaintiffs in false advertising *cases will subject* advertisers to the risk of potentially enormous damages.

The authors are attorneys in the Washington DC office of Pepper, Hamilton & Scheetz.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's

Midland Unit Trusts Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
(Accum Units)	4	55.36	55.34	57.58	+0.08	12.90
North American	6	127.2	127.2xd	136.0	+0.2	0.00
(Accum Units)	6	157.1	157.1	168.0	+0.3	0.00
Smaller Cos	6	154.2	161.1	172.3	+7.4	2.06
(Accum Units)	6	171.5	179.3	191.8	+8.3	2.06
Meridian Income	6	112.1	113.4xd	121.3	+0.5	3.90
(Accum Units)	6	117.9	119.3	127.6	+0.6	3.90
Meridian Growth	6	123.7	124.6	133.3	+1.2	2.14
Midland Personal Pension Unit Trust *						
British	6	63.71	64.49	68.61	+0.76	2.89
European Growth	6	71.16	71.24	75.79	+0.95	0.67
Gilt & Fixed	6	52.31	52.39	55.73	-0.15	8.71
Income	6	57.31	58.26	61.98	+0.54	4.58
Japan Growth	6	65.04	65.45	69.63	+1.74	0.00
Managed	6	59.55	60.48	64.34	+0.62	2.24
Money Market	6	56.02	56.02	59.39	+0.08	12.86
North American	6	59.49	60.68	64.55	+0.07	0.00
Midland PSAVCS Unit Trust *						
British	6	59.06	59.77	63.58	+0.60	2.89
European Growth	6	68.01	68.09	72.44	+0.89	0.67

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Nth American Inc	5	64.47	64.49	68.63	-0.27	0.91
UK Equity Acc	5	87.56	87.56xd	94.16	+0.79	3.56
UK Equity Inc	5	78.67	78.67xd	84.60	+0.73	3.56
Worldwide Acc	5	116.6	116.6	124.5	+0.5	0.81
Worldwide Inc	5	111.7	111.7	119.3	+0.3	0.81
UK High Inc Eq Acc	5	84.33	84.33	91.13	+0.39	6.89
UK High Inc Eq Inc	5	74.21	74.21	80.19	+0.34	6.89
Hong Kong Acc	5	46.88	46.88	50.01	-0.45	3.46
Hong Kong Inc	5	44.75	44.75	47.73	-0.47	3.46
Swiss Equities Acc	5	40.04	40.04	43.04	-0.19	0.37
Swiss Equities Inc	5	39.69	39.69	42.66	-0.19	0.37
W'wide Bond Acc	5	57.46	57.46	60.63	+0.41	6.93
W'wide Bond Inc	5	54.66	54.66	57.68	+0.39	6.93
Emerging Asia Acc	5	101.8	101.8xd	109.2	+0.2	0.00
Emerging Asia Inc	5	101.8	101.8xd	109.2	+0.2	0.00
UK Money Mkt Acc	0	51.67	51.67	51.67	+0.15	14.00
UK Money Mkt Inc	0	51.67	51.67	51.67	+0.15	14.00
Thailand Inc	5	57.67	57.67	61.73	+1.09	0.37
Thailand Acc	5	57.67	57.67	61.73	+1.09	0.37

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	121.9	121.9	129.6	+0.6	3.42
PM Income & Gth	5	97.87	97.87	104.1	+0.5	6.20
PM Nth Amer Gth	5	59.03	59.03	62.79	....	1.20
PM European Gth	5	64.29	64.39	68.39	+0.14	0.85
PM Japan Gth	5	87.73	87.88	93.48	+1.86	0.26
PM Overseas Gth	5	58.58	58.58	62.31	+0.71	0.42

Prudential Holborn Unit Tsts Ltd (1445)H
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Linkline 0800 010345
Two Hourly Pricing

Scottish Mutual Inv Mngrs Ltd (1000)F
109 St Vincent St, Glasgow G2 5HN

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust information pages.

FT UNIT TRUST INFORMATION SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-538 5055						
American ◆	5¼	71.75	71.75	76.73	+0.29	1.4
Intl Growth ◆	5¼	85.09	85.09	91.00	[illegible]	1.0
Income ◆	5¼	132.1	132.1	141.2	[illegible]	4.7
Japan Growth ◆	5¼	256.6	257.0	274.9	[illegible]	0.1
Pacific Perf ◆	5¼	166.7	166.7	178.2	[illegible]	0.4
Small Co's ◆	5¼	130.3	130.3	139.3	[illegible]	1.4
Technology	5¼	33.41	33.41	35.73	-0.30	0.1
Australia	5¼	66.49	66.49	71.11	[illegible]	3.3
UK Trust ◆	5¼	180.2	180.2	192.7	+1.90	2.6
European Growth ◆	5¼	77.33	77.33	82.70	+0.89	0.1
Hong Kong ◆	5¼	34.84	34.84	37.26	[illegible]	1.8
Intl Income	5¼	22.45	22.45	24.01	+0.02	7.2
Share & Wgnt Gth	5¼	39.77	39.77	42.35	+0.04	0.1
British Winners ◆	5¼	26.50	26.50	28.34	+0.27	1.8
Japan Smllr Cos ◆	5¼	32.82	33.01	35.31	+1.85	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	16.21	16.21	17.24	+0.01	0.00
Pacific Basin	6	31.11	31.11	33.09	+0.03	0.60
Can Balanced Gwth ◆	6	48.28	48.38	51.46	-0.47	0.64
[illegible]	4	[illegible]	0.9769	1.0176	[illegible]	7.56
Penny Share	6	28.50	28.50	30.31	-0.01	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	149.2	149.0	154.3	+0.9	5.46
Wellington Growth	5¼	239.2	240.5	255.8	+2.0	1.17
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	112.1	115.8	120.6		4.14
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger & F	2¼	62.61	62.61	64.20	+0.07	0.00
Short Dtd Gilt ◆ F	1½	82.70	82.70	83.82	+0.03	9.44
U.S. Govnt Bond ◆ F	1½	.5780	.5780	.5856	[illegible]	0.00
Wilbro Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
[illegible]	5	204.4	208.5	221.8	+2.6	2.38

	Bid Price	Offer Price	+ or -	Yield Gross
Aetna Life Insurance Co Ltd—Contd.				
Pension Funds (Accumulation Units)				
Sealand	15.86	16.70	+0.03	-
Bear	17.40	18.32	+0.32	-
Owl	22.96	24.17	+0.15	-
Bolt	20.46	21.54	-0.02	-
Stag	19.87	20.92	-0.06	-
Gilt Edged	13.99			-
Deposit	13.64		+0.03	-
North American	10.74	11.31	-0.11	-
European	12.03	12.67	+0.23	-
Property	12.18	12.83	+0.07	-
Index-Linked	11.96	12.59	-0.04	-
Far Eastern	14.86	15.65	-0.15	-
UK Equity	15.78	16.62	+0.07	-
Fixed Interest	12.23	12.88	+0.01	-
Gilt Edged (B)	10.12	10.66		-
1982 Series				
Managed	297.73	313.43	-0.17	-
Pre 1982 Series				
Aetna Life				
3 Way	707.53	707.54	+1.35	-
Equity Pensions	1230.76	1230.77	+1.67	-
Aetna Pensions Ltd				
3-Way Managed	641.63	641.63	-7.82	-
Exempt Approved				
Mixed Managed	219.93	224.42	+0.45	-
Gilt Edged	13.99			-
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	147.6	155.3	+1.0	-
Equity Fd Acc(z)	1062.6	1139.6	+3.5	-
European Fd Acc(z)	284.9	299.9	+0.8	-
Intl Fxd Int Fd Acc(z)	216.2	227.5	+0.4	-
Fixed Int Acc(z)	350.6	369.0	-0.2	-
Gtd Money Fd Acc(z)	245.2	258.1	+0.3	-
High Income Fd Acc(z)	121.4	127.7	-0.7	-
Intl Man Fd Acc(z)	435.8	458.7	+3.1	-
Japan Fd(z)	325.0	342.0	+4.7	-
UK Smllr Co's Fd Acc(z)	110.3	116.0	+0.3	-

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	116.0	123.0	+1.0	–
Building Soc. Fd.	178.0	188.0		–
Balanced	289.0	305.0	+4.0	–
European	206.0	217.0	+6.0	–
GT Managed	191.0	202.0	+3.0	–
Gartmore Mngd	129.0	136.0	+1.0	–
German	172.0	182.0	+6.0	–
Gilt	173.0	183.0	−1.0	–
Global	49.0	52.0		–
High Inc	103.0	109.0		–
International Equity	206.0	217.0	+5.0	–
Japan	292.0	308.0	+1.0	–
Managed	58.0	62.0		–
Property	309.0	326.0		–
R. W. Imperial Gold	149.0	157.0		–
UK Equity	319.0	336.0	+4.0	–
Pension Funds				
American	149.0	157.0		–
Building Soc. Fd.	183.0	193.0		–
Balanced	224.0	236.0		–
European	200.0	211.0		–
German	146.0	154.0		–
Gilt	153.0	162.0		–
International Equity	144.0	152.0		–
Japan	148.0	156.0		–
Managed	65.0	69.0	+1.0	–
Property	238.0	251.0		–
UK Equity	308.0	325.0	+8.0	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	94.59	99.98		–
Pensions Cash Fund	82.84	87.20		–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Grth Mngd	624.9	658.5	+10.0	–
Adventurous Mngd	136.7	144.1	+1.5	–
Secure Mngd	111.1	117.1	+0.8	–
Cash Fd	243.7	256.8		–
Property Fund	300.9	317.1		–
Equity Fund	712.1	750.4	+14.9	–
Fxd. Int. Fund	294.4	310.3		–

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Guaranteed	13.81			–
International Money	212.0	223.2	+0.1	–
North American	77.9	82.1	−0.4	–
Japanese	163.4	172.0	−2.2	–
European	115.2	121.3	+0.3	–
Special Situations	112.7	118.7	−0.2	–
Communications	100.6	105.9	−0.3	–
Smaller Companies	105.7	111.3	+0.2	–
International Small Cos	140.3	147.7	−0.7	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Dec 20	£166.14	171.32		–
Equity Dec 20	£177.37	183.61		–
International Dec 20	£29.80	30.47		–
Intl Bond Dec 20	£12.90	13.07		–
Fixed Int Dec 20	£75.28	76.12		–
Index Linked Dec 20	£65.47	66.30		–
Property Dec 20	£116.68	123.55		–
Cash Dec 20	£22.4200	22.4200		–
Pre-Linked Retirement Plan				
Managed Dec 19	399.2	415.9		–
Cash Dec 19	210.1	218.9		–
Prudential Pensions Investment Account				
Pens Mngd Dec 27	159.7	171.9		–
Pens UK Eq Dec 27	296.4	320.0	+0.7	–
Pens Intl Dec 27	203.2	218.9	−1.0	–
Pens Fixed Dec 27	172.7	182.5	+0.1	–
Pens Index Lk Dec 27	170.1	179.7	−0.5	–
Pens Cash Dec 27	137.1	144.4		–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd	121.9	128.3	+0.2	–
Balanced Ptflio Fd	319.3	336.0	+0.8	–
Cautious Ptflio Fd	125.2	131.7	+0.3	–
Elite Fund	109.6	115.3	+0.2	–
European Fund	98.1	103.2	+0.1	–
Far East Fund	114.0	119.9	−0.7	–
Fixed Interest Fund	249.6	262.7	+0.6	–
International Fund	291.4	306.7	+0.8	–
Money Fund	184.0	193.6	+0.3	–
N. American Fd	125.1	131.6	+0.3	–
Property Fund	398.1	419.0	+0.3	–
UK Equity Fd	384.2	404.4	+1.1	–
A.I.M. Brwln Dipl Fd	101.6	106.9	−0.3	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

[illegible]

ISLE OF MAN (**)

[illegible]

LUXEMBOURG (**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
134	124	Treas 2pc IL '90(84.6)	134	+⅛	2.09	9.98
99	98	Exch 11pc 1990##	99	.....	11.07	15.07
101	99	Exch. 12½pc 1990	99	.....	12.57	14.62
96	91	Treas. 3pc 1990	96	–⅛	3.10	11.98
97	95	Treas 8¼pc 1987-90##	97	–	8.45	13.69
98	95	Treas. 8pc Cv 1990 ##	97	+	8.23	13.63
98	96	Treas. 10pcCv 1990	96	–	10.31	13.93
93	87	Exch 2½pc 1990	93	–⅛	2.68	10.54
101	98	Treas 11¾pc 1991	98	–	11.96	13.64
93	89	Funding 5¾pc '87-91##	92	–	6.18	11.84
90	86	Treas. 3pc 1991	90	–	3.30	10.36
100	95	Treas 10pc Cv '91 ##	96	–	10.42	12.99
101	96	Exch. 11pc 1991	97	–	11.31	12.71
94	91	Treas. 8pc 1991	92	–	9.02	11.53
106	100	Treas 12¾pc 1992##	101	–	12.61	12.15
99½	95	Treas 10pc 1992	96	–	10.42	12.15
94	90	Treas. 8pc 1992 ##	92	–	8.70	12.07
100	96	Treas 10½pc Cv 1992##	97	–	10.79	11.82
85	82	Treas. 3pc 1992	84	–	3.54	10.21
105	99	Exch. 12¼pc '92	100	–	12.16	11.89
109	103	Exch 13½pc 1992	104	–	12.98	11.70
94	90	Treas 8¼pc 1993	91	–	9.02	11.59
100	95	Treas 10pc 1993##	96	–	10.38	11.33
108	101	Treas 12½pc 1993##	103	–	12.13	11.45
88	84	Funding 6pc 1993##	85	–	6.99	10.72
113	106	Treas 13¾pc 1993##	107	–	12.80	11.32
94	89	Treas. 8½pc 1994	90	–	9.35	11.32
117	109	Treas 14½pc 1994##	111	–	13.05	11.10
113	106	Exch 13½pc 1994	107	–	12.56	11.25
100	94	Treas. 10pc Ln. 1994##	96	–	10.38	11.05
110	102	Exch. 12½pc 1994	104	–	11.96	11.21
96	91	Treas 9pc 1994##	92	–	9.73	11.02

Five to Fifteen Years

[illegible]

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103	93	Conversion 9½pc 2005	96	–	9.88	9.99
111	101½	Exch. 10½pc 2005	104	–	10.11	10.00
125	114	Treas. 12½pc 2003-05	117	–	10.68	10.17
90	82	Treas. 8pc 2002-06##	84	–	9.47	9.92
118	108	Treas. 11¾pc 2003-07	111	–	10.57	10.18
95	86	Treas 8½pc 2007 ##	89	–	9.49	9.75
134	122	Treas. 13½pc '04-08	125	–	10.78	10.12
101	91	Treas. 9pc 2008 ##	94	–	9.57	9.69
94	91	Treas. 9pc 2008 B	94	–	9.57	9.69
92	83	Treas 8pc 2009	85	–	9.36	9.65
102	91	Conv 9pc Ln 2011 ##	94	–	9.54	9.65
68	61	Treas. 5½pc 2008-12##	63	–	8.70	9.46
89	80	Treas. 7¾pc 2012-15##	82	–	9.38	9.60
132	118	Exch. 12pc '13-'17	121	–	9.87	9.66

Undated

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45	40	Consols 4pc	41	–	9.70	–
40	35	War Loan 3½pc##	36	–	9.54	–
70	60	Conv. 3½pc '61 Aft	61	–	5.64	–
41	31	Treas. 3pc '66 Aft	32	–	9.25	–
30	25	Consols 2½pc	25	–	9.64	–
29½	24	Treas. 2½pc	25	–	9.78	–

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
112	103	Tr. 2pc '92##(97.8)	112	–	3.05	4.27
105	94	Do. 2 '94 (102.9)	105	–	2.91	3.53
[illegible]					3.02	3.44
[illegible]					3.40	3.67
[illegible]					3.48	3.71
[illegible]					3.51	3.70
[illegible]					3.50	3.68
[illegible]					3.50	3.67
[illegible]					3.47	3.63
[illegible]					3.44	3.59
[illegible]					3.41	3.53
[illegible]					3.36	3.48

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. ... RPI base ... 1987. ...

INT. BANK AND O'SEAS

					Yield Int.	Red.
[illegible]					11.08	11.07
[illegible]					10.59	10.65
[illegible]					11.21	10.98
[illegible]					10.96	10.93
[illegible]					10.91	10.87
[illegible]					11.38	10.72
[illegible]					10.65	10.72
[illegible]					11.81	11.94
[illegible]					15.00	14.90

CORPORATION LOANS

					Yield Int.	Red.
[illegible]					11.44	11.40
[illegible]					7.63	12.80
[illegible]					11.59	11.25
[illegible]					12.07	–
[illegible]					7.07	11.60
[illegible]					11.11	–
[illegible]					11.22	11.20

COMMONWEALTH & AFRICAN LOANS

					Yield Int.	Red.
[illegible]					8.22	12.00
[illegible]					–	–
[illegible]					5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	N'wide Anglia 12⅞pc 2.1.90	99	.....	12.82	15.75
100	98	Do. 12⅝pc 29.1.90	99	.....	12.62	15.46
100	98	Do. 12¾pc 26.2.90	99	.....	12.77	15.25
100	98	Do. 12⅞pc 19.3.90	99	.....	12.96	15.25
100	98	Do. 13⅜pc 23.4.90	99	.....	13.47	15.21
100	98	Do. 13pc 14.5.90	99	.....	13.11	15.17
100	98	Do. 13⅝pc 4/6/90	99	.....	13.77	15.10
100	99	Do. 14¼pc 2.7.90	99	.....	14.37	15.02
100	98	Do. 13⅝pc 23.7.90	99	.....	13.72	15.09
100	98	Do. 13⅜pc 13.8.90	99	.....	13.56	14.84
100	98	Do. 13½pc Bds 3.9.90	99	.....	13.63	14.77
107½	98½	Do. 3⅞pcIL Ln 2021	107	.....	4.33	4.50
107½	99	Do. 4.25pcIL '24	106	.....	4.31	4.32

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
47	43	Met. Wtr. 3pc 'B'	45xd	.....	6.67	10.86

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	40	Greek 7pc Ass.	50	.....	3.50	17.00
50	40	Do 6pc 28 Stb Ass	50	.....	3	16.00
50	40	Do 4pc Mixed Ass.	50	.....	2	14.00
80	65	Hung. '24 Ass	80	.....	2.75	13.57
139	125	Hydro Quebec 15pc 2011	129	–	15.00	11.45
128	113	Iceland 14½pc Ln 2016	116	–	14.50	12.36
97	90	Ireland 9¾pc '91-96	91	.....	10.71	11.60

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
44	26	Abbott Laboratories§	41	–	$1.40	–	2.1
579p	361p	♦Allegheny & W 1c	514p	+43	30c	–	3.7
18	12	Amax $1	13	–	80c	–	3.6
11	6	Ambase Corp $1	7	+	20c	–	1.7
15	695p	Amdahl 5c	796p	.	h10c	–	0.8
37	25	Amer Cyanamid $5	32	.	$1.35	–	2.6
25	14	Amer Express 60c	20	+	84c	–	2.7
29	15	American T & T. $1	27	+	$1.20	–	2.8
41	26	Ameritech $1	40	.	h$2.92	–	4.6
659p	490p	♦Asiamerica Equity$	545p	–4	–	–	–
22	9	BankAmerica $1	16	+	60c	–	2.3
37	19	Bankers N.Y. $1	24	–	$2.12	–	5.4
69	38	Bell Atlantic $1	66	–	$4.40	–	4.2
35	19	BellSouth Corp	34	+	$2.52	–	4.6
15	9	♦Bethlehem Steel $8	10	+	40c	–	2.4
12	868p	♦Bio-Rad Labs A.	921p	+2	–	–	–
20	15	Bowater Inc	16	–	$1.15	–	4.3
12	8	Brunswick 75c	8	–	44c	–	3.3
46	28	CPC Intnl 25c	45	–	$1.80	–	2.6
863p	333p	California Engy	735p	–5	–	–	–
36	17	Campbell Soup 15c	32	–2	93c	–	1.8
28	15	Chase Manhattan $12½	21	–	$2.36	–	7.1
26	17	Chem. Banking Corpn	18	–	$2.72	–	9.5
17	11	Chrysler $6¼	11	.....	$1.20	–	6.6
22	14	Citicorp $1	17	–	$1.63	–	5.8
41	25	Colgate-Palmolive $1	37	+	s$1.48	–	2.5
17	10	Cont'l Bank Corp $4	12	–	80c	–	4.1
410p	218p	♦Corporate Data Scnc.	300p	.	–	–	–
27	20	Dana Corp. $1	20	+	$1.60	–	4.8
13	748p	Data General	773p	–15	–	–	–
38	26	Dun & Bradstreet $1	27	–	$2.00	–	4.7
43	24	Eaton Corpn. 50c	34	+	h$2.00	–	3.6
11	8	Echlin Inc	10	+	70c	–	4.4
22	16	FPL Group 1c	22	–	$2.28	–	6.4
23	13	Fluor Corp 62½pc	22	+	16c	–	0.5
35	25	Ford Motor $1	26	–	$3.00	–	7.2
40	24	Gen. Elect. 63c	38	–	$1.88	–	3.1
579p	365p	♦General Host Corp $1	384p	+5	30c	–	4.9
39	18	Gillette $1	29	.	98c	–	2.1
987p	357p	Gt American Bank Bk $1	415p	+44	20c	–	3.0
23	16	Greyhound $1½	19	..	$1.32	–	4.4

Continued on next page

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746

Barclays Capital Advantage Account
94 St Paul's Churchyard EC4M 8EH 01-248 9155

Barclays Prime Account H.I.C.A.
PO Box 125, Northampton 0604 252891

[illegible]

UNIT TRUST NOTES

[illegible]

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AMERICANS – Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15⅜	847p	Hasbro Inc 50c	11⅛	.....	16c	–	0.9
57½	32¼	Honeywell $1½	51¾	+⅛	$2.75	–	3.4
22⅝	15¼	Houston Inds.	21⅛	–¼	$2.96	–	8.7
76⅞	58¼	IBM Corpn $1¼	58⅞xd	.....	$4.84	–	5.2
60p	45p	Image Storage/R.Sys.Ic.	52p	+2	–	–	–
32¼	18¾	Ingersoll-Rand $2	29¼xd	+⅞	$1.20	–	2.6
33¼	22½	Lockheed Crpn. $1	24⅜xd	+⅛	$1.80	–	4.7
22⅜	10⅝	Lone Star Inds $1	10⅝xd	+⅛	$1.90	–	11.3
27⅞	17½	Louisiana Land 15c	27⅛	+⅞	$1.00	–	2.3
20½	11½	Lowe's 50c	18	–¼	48c	–	1.7
28⅞	15⅞	Manuf. Hanover $1	20⅛	–⅜	$3.28	–	10.1
22⅝	13⅞	Merrill Lynch $1	15⅛	+⅛	$1.00	–	4.1
24⅞	19⅛	Molex Inc.	22¼	–⅞	3.2c	–	–
30⅜	18⅛	Morgan (JP) $2½	25⅜xd	+⅜	$1.66	–	4.1
28⅞	24⅛	Morris (Philip)	24⅞xd	–⅛	$1.13	–	2.9
55¼	36⅛	NYNEX $1	55½	+⅛	$4.36	–	5.0
44p	15p	N'wide Legal Serv.	15p	–4	–	–	–
24⅞	18¼	PHH Corp.	20⅛	–½	$1.16	–	3.6
259p	167p	♥Pacific Agr.	184p	.....	–	–	–
28⅜	19	Pacificorp $3¼	28¼xd	.....	$2.76	–	5.9
31½	16⅞	Pacific Telesis 10c	30⅛	.....	$1.88	–	3.9
22⅞	15¼	Pall Corp. 25c	20½	–¼	48c	–	1.5
55⅜	39⅞	Pennzoil 83 1/3c	54⅞xd	–⅛	$3.00	–	3.5
42¼	28⅜	Quaker Oats $5	34¼xd	–½	$1.40	–	2.5
32⅜	23½	Rep NY Corpn $5	31⅞xd	–⅛	$1.28	–	2.6
16⅜	11⅞	Rockwell Intl. $1	13⅞xd	+½	78c	–	3.6
29½	22	Sears, Roebuck 75c	22⅞xd	+⅛	$2.00	–	5.5
38⅜	21⅛	Southwestern Bell $1	38⅛	+⅛	$2.60	–	4.3
27⅝	17⅞	Sun Co. Inc. $1	25⅞xd	–⅜	$1.80	–	4.5
31¼	22⅞	TRW Inc. 62½c	29⅞	–⅛	$1.72	–	3.6
24⅞	14⅝	TW Services $5	21⅛	.....	–	–	–
40⅞	26¼	Tenneco $5	37⅞	–⅞	$3.04	–	5.2
35⅞	28	Texaco $6.25	35⅞xd	+⅞	$3.00	–	5.3
28⅞	18⅞	Texas Instr. $1	22⅞xd	+⅛	72c	–	2.1
117⅞	58⅝	Time Inc. $1	80⅞	–⅜	$1.00	–	0.8
19⅝	13⅞	TRINOVA Corp.	15⅞	+⅛	s68c	–	2.9
26⅜	16	USX $1	21⅛xd	–⅛	$1.40	–	4.1
325p	126p	♥Unilab	325p	.....	–	–	–
36⅝	22⅛	Utd. Technologies	32¼xd	+⅛	$1.60	–	3.1
168p	121p	♥Unitech Inc.	149p	.....	–	–	–
48¼	31½	US West	48¼	+⅛	$3.76	–	4.9
22⅛	11⅞	Waste Management $1	20⅞	+⅛	30c	–	0.9
20½	13½	Whirlpool $1	19⅞	+⅛	$1.10	–	3.5
24⅛	16⅞	Whitman Corp.	17⅛	–⅛	$1.02	–	3.8
46⅝	28⅛	♥Woolworth $3½	39⅛	+⅛	$1.88	–	3.0

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
186p	129p	♥ABM Gold Corp	158p	+5	–	–	–
26p	4½p	♥Abbot Energy Corp.	25p	.....	–	–	–
10⅝	401p	♥Amer. Barrick Res.	10¼	.....	–	–	–
39¼p	10½p	♥Ampero	29½p	+3	–	–	–
33¼p	6⅜p	♥Augmitto Explo.	6⅜p	–2⅜	–	–	–
19⅝	12¾	Bk. Montreal	17⅛	–⅛	$2.12	–	6.7
10⅜	655p	Bk. Nova Scot.	850pxd	–3	92c	–	5.9
831p	599p	♥BC Gas $1	881p	–5	60c	–	4.1
24⅛	17	BCE	23⅝	.....	$2.44	–	5.6
17	12⅛	♥Brascan	14⅛	–⅛	88c	–	3.3
228p	108p	♥Breakwater Res.	149p	–1	10c	–	3.8
18⅛	11⅛	Can. Imp Bank	16⅛	–⅛	$1.24	–	4.0
15¼	997p	Can. Pacific	13⅛	–⅛	92c	–	3.8
41½	37	Do. 4pc Deb £100	37	.....	4%	–	10.8

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

هكذا اصل التصل

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

WATER

For Water issues see London Recent Equities

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

High	Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
21½	11	Scott Pickford 10p ..y	13	....	d0.38	3.8	4.5	7.4
160	95	Season Hldgs ....y	128	+1	t2.5	6.1	2.6	8.0
51	40	Sempernova.......y	40	....	-	-	-	8.8
39	20	Sleepy Kids 5p ...y	24	....	-	-	-	-
*17½	5½	Stats Hldgs. 5p....y	6	.....	-	-	-	13.0
*3¼	1¼	Swanyard Studios 1p y	1½		-	-	-	7.2
11	2½	[illegible] 2½p y	2½		-	-	-	3.3
50	28	Tavern Leis 20p...y	37	+2	-	-	-	-
115	28	Tomorrows Leisure 20p y	86	....	-	-	-	32.7
113	55	UPL Group 10p...y	55	...	2.75	1.9	6.7	10.4
150	129	Unit Group .....y	129	....	5.0	3.3	5.2	7.3
100	66	Video Magic Leis. 1p y	85	-1	W2.0	0.7	3.3	64.1
14	4¼	Vista Ents 5p....y	4¼	.....	-	-	-	-
40	18	Vizcaya Hldgs 5p .y	18	.....	-	-	-	-
46½	23	Whitegate Leisure 20p y	39	.....	-	-	-	-
32½	10	Do. Wrnts .....y	25	....	-	-	-	-
10¼	4½	Wilton Group 1p...y	4¼	....	-	-	-	-

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ♣♣ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p....y	88	......
Craig & Rose £1...y	838	......
Finlay Pkg. 5p ...y	58	-2
Holt (Jos) 25p.....y	1348	-13

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991...	£97	......
9pc Cap Ln. 1996..	£96½	......
Fin. 13% 97/02...	£116	......
Arnotts.	400	......
Carroll (P.J.).......y	153xd	......
Hall (R. & H.).......	195	......
Helton Hldgs........y	94	......
IRG........	215xr	......
United Drug.........	143	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp.	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	25
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Stock	p
Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	16½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Stock	p
Lonrho	23
RTZ	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down against D-Mark

THE DOLLAR was generally weak, falling to its lowest level against the D-Mark since May last year, in thin foreign exchange trading between the Christmas holiday and the New Year. It had fallen below DM1.70 in New York on Tuesday and continued to weaken yesterday, but showed some signs of recovery against the Japanese yen. Political events, involving the liberalisation of eastern Europe provided the D-Mark with support, while the US military action in Panama was regarded as potentially embarrasing for the administration in Washington.

Somewhat volatile movement has followed speculation that the US Federal Reserve has eased its credit stance, as West German interest rates have tended to rise, while on Monday the Bank of Japan raised its discount rate by ½ per cent to 4¼ per cent.

Market volume was low yesterday, with operators generally involved in adjusting books ahead of the New Year. In such thin trading conditions it was difficult to judge whether the decline of the US currency through DM1.70 would have a lasting impact. A level of DM1.6950 was regarded as a significant support point on charts and the dollar also fell through this yesterday, to a low of DM1.6845 in Europe.

In Frankfurt the West German Bundesbank did not intervene when the dollar was fixed at DM1.6895, compared with DM1.7134 on Friday. This was the lowest fixing level for the dollar since May 17,1988.

Later in the day the dollar moved above the day's lows, after holding above a technical support point of Y141.50 against the yen. Dealers in Tokyo noted speculative selling of the dollar in the belief that the Fed has eased. The Fed added reserves in New York yesterday, but this was merely technical as Federal funds touched 9⅛ per cent. Last week there were indications that the target for Fed funds has been cut to 8¼ per cent from 8½ per cent.

In Europe the dollar closed at DM1.6900, compared with DM1.6990 in New York on Tuesday, and DM1.7080 in London on Friday. It finished at Y142.10, against Y141.90 in New York on Tuesday, and Y142.85 in London on Friday. Compared with its pre-Christmas close in London the dollar also fell to SFr1.5355 from SFr1.5495 and to FFr5.7775 from FFr5.8400.

Sterling improved against the dollar but lost ground to the D-Mark. The pound was on the sidelines, with the market waiting for release of the November UK trade figures tomorrow.

Sterling rose 45 points to $1.6255, but declined to DM2.7475 from DM2.7675; to Y231.00 from Y231.50; to SFr2.4950 from SFr2.5125; and to FFr9.3925 from FFr9.4675. On Bank of England figures the pound's index fell 0.4 to 86.5.

A strong Australian dollar threatened to break through 80.00 US cents, closing in London at 79.80 cents., compared with 79.70 cents in Sydney.

£ IN NEW YORK

Dec.27	Latest	Previous Close
£ Spot	1.6235-1.6245	1.6265-1.6275
1 month	0.84-0.83pm	0.90-0.88pm
3 months	2.39-2.36pm	2.48-2.45pm
12 months	8.38-8.28pm	8.95-8.75pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EURO-CURRENCY INTEREST RATES

Dec 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15¼-15	15⅛-15⅛	15⅛-15⅛	15⅛-15	15-14⅞	14⅝-14½
US Dollar	9-8¾	10⅝-10⅜	8¾-8⅝	8⅝-8½	8½-8⅜	8⅜-8¼
Can. Dollar	12¾-12½	12⅛-12	12⅛-11⅞	12⅛-11⅞	11⅞-11⅝	11⅝-11⅜
D. Guilder	8⅝-8½	8⅝-8½	8⅝-8½	8⅝-8½	8⅝-8½	8⅝-8½
Sw. Franc	9⅝-9⅜	10⅛-10½	9⅝-9⅜	8⅞-8⅞	8⅝-8⅝	8⅝-8⅜
Deutschmark	8⅞-8⅜	8⅝-8½	8⅝-8½	8⅝-8⅞	8⅞-8⅞	8⅞-8⅝
Fr. Franc	11-10⅝	11-10⅝	11⅛-11⅛	11⅛-11⅛	11⅛-11⅛	11⅛-11⅛
Italian Lira	13-11	13½-12	12⅝-12⅜	13-12½	13-12⅝	13⅛-13
B. Fr. (Fin)	9⅞-9⅜	10-9⅞	10⅛-10	10¼-10⅛	10¼-10⅛	10¼-10⅛
B. Fr. (Con)	10-9⅝	10⅛-9¾	10⅛-10	10⅛-10	10⅛-10	10⅛-10
Yen	6½-6⅜	6⅞-6⅝	6⅝-6⅝	6⅝-6⅝	6⅝-6⅝	6⅞-6¾
D.Krone	12-11⅞	12⅞-12⅞	12⅞-12⅞	12⅛-12⅛	11⅞-11⅞	11⅞-11½
Asian $Sing	10⅛-9⅞	10⅞-10⅞	9⅞-9⅞	8⅝-8⅝	8⅞-8⅞	8⅞-8⅞

Long term Eurodollars: two years 8⅝-8½ per cent; three years 8⅞-8⅝ per cent; four years 8½-8⅜ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Dec.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6225 - 1.6320	1.6250 - 1.6260	0.90-0.88cpm	6.57	2.52-2.49pm	6.16
Canada	1.8800 - 1.8915	1.8820 - 1.8830	0.57-0.47cpm	3.31	1.33-1.14pm	2.62
Netherlands	3.09½ - 3.11½	3.09¾ - 3.10¾	1¾-1⅝cpm	6.53	4¾-4½pm	5.88
Belgium	57.40 - 58.05	57.80 - 57.90	28-23cpm	5.29	72-62pm	4.63
Denmark	10.65¾ - 10.73	10.70¼ - 10.71¼	2⅞-2¼orepm	2.94	7⅝-6⅞pm	2.71
Ireland	1.0420 - 1.0540	1.0435 - 1.0445	0.35-0.30pm	3.74	0.85-0.75pm	3.07
W. Germany	2.74¼ - 2.75¼	2.74½ - 2.75	1⅝-1½pfpm	6.82	4⅜-4¼pm	6.19
Portugal	241.40 - 243.80	241.40 - 242.40	64-128cdis	-4.76	206-466dis	-5.56
Spain	177.20 - 178.65	177.35 - 177.65	18-36cdis	-1.83	49-67dis	-1.31
Italy	2054½ - 2069¾	2058¾ - 2059¾	5-2lirepm	2.04	11-7pm	1.75
Norway	10.65 - 10.73	10.67½ - 10.68½	2⅞-2¼orepm	2.81	6⅞-5⅞pm	2.39
France	9.37¾ - 9.43¼	9.38¾ - 9.39¾	3⅜-3¼cpm	4.15	8⅞-8⅝pm	3.73
Sweden	10.03¼ - 10.10	10.06 - 10.07	2⅞-2⅜orepm	3.28	6⅛-5⅞pm	2.38
Japan	230¼ - 231½	230½ - 231½	1⅞-1⅝ypm	9.09	4⅝-4½pm	7.90
Austria	19.27 - 19.50	19.31 - 19.34	10⅜-10¼gropm	6.36	29⅝-29⅜pm	6.11
Switzerland	2.48½ - 2.50	2.49 - 2.50	1⅜-1¼cpm	6.01	3⅞-3⅝pm	6.01
ECU	1.3550 - 1.3710	1.3550 - 1.3560	0.48-0.45cpm	4.12	1.27-1.22pm	3.67

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 57.80-57.90 Six-month forward dollar 4.94-4.89cpm 12 months 8.95-8.85cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6225 - 1.6320	1.6250 - 1.6260	0.90-0.88cpm	6.57	2.52-2.49pm	6.16
Ireland†	1.5540 - 1.5585	1.5560 - 1.5570	0.33-0.28cpm	2.35	1.22-1.12pm	3.00
Canada	1.1570 - 1.1595	1.1585 - 1.1595	0.30-0.34cdis	-2.86	1.00-1.09dis	-3.61
Netherlands	1.9040 - 1.9180	1.9080 - 1.9090	0.07-0.04cpm	0.19	0.04-0.09dis	-0.22
Belgium	35.45 - 35.75	35.55 - 35.65	2.00-4.00cdis	-1.01	11.00-16.00dis	-1.52
Denmark	6.56 - 6.61	6.58½ - 6.59	1.85-2.10oredis	-3.61	5.90-6.40dis	-3.75
W. Germany	1.6845 - 1.6995	1.6895 - 1.6905	0.05pm-parpm	0.18	0.04pm-0.01dis	0.04
Portugal	148.70 - 149.20	148.70 - 148.80	125-175cdis	-12.06	360-510dis	-11.66
Spain	109.10 - 109.60	109.35 - 109.45	70-80cdis	-8.23	200-210dis	-7.50
Italy	1264 - 1270¾	1266¼ - 1266¾	4.00-5.00liredis	-4.26	13.00-15.00dis	-4.42
Norway	6.55¾ - 6.58	6.56¾ - 6.57¼	1.85-2.10oredis	-3.61	6.00-6.40dis	-3.78
France	5.76½ - 5.80	5.77½ - 5.78	0.90-1.00cdis	-0.30	3.60-3.75dis	-1.16
Sweden	6.16¾ - 6.20	6.19 - 6.19½	1.50-1.65oredis	-3.06	5.65-6.00dis	-3.77
Japan	141.70 - 142.15	142.05 - 142.15	0.33-0.28ypm	2.58	0.67-0.62pm	1.82
Austria	11.88 - 11.95½	11.89 - 11.89½	0.60-1.80grodis	-1.21	0.40-3.40dis	-0.64
Switzerland	1.5245 - 1.5475	1.5350 - 1.5360	0.02-0.07cdis	-0.35	0.04-0.12dis	0.21
ECU	1.1900 - 1.1995	1.1985 - 1.1995	0.24-0.22cpm	2.30	0.79-0.76pm	2.59

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.55-35.65.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec.27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6491	+0.45	+0.45	±1.5508
Danish Krone	7.85212	7.88474	+0.42	+0.42	±1.6453
German D-Mark	2.05853	2.02689	-1.54	-1.54	±1.1762
French Franc	6.90403	6.92820	+0.35	+0.35	±1.3618
Dutch Guilder	2.31943	2.28959	-1.29	-1.29	±1.5272
Irish Punt	0.768411	0.768886	+0.06	+0.06	±1.6689
Italian Lira	1483.58	1518.67	+2.37	+2.37	±4.0410
Spanish Peseta	133.804	131.185	-1.96	-1.96	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

LIFFE / CHICAGO / LONDON (LIFFE) FUTURES AND OPTIONS

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 28,754

A=Ask B=Bid C=Call P=Put

FT-SE 100 INDEX
$25 per full index point

	Close	High	Low	Prev.
Dec	2396.0	2396.0	2379.0	2364.5
Mar	2444.0	2445.0	2431.0	2414.5
Jun	2483.0			2453.5

Estimated volume 2849 (1046)
Previous day's open int. 31167 (31685)

MONEY MARKETS

German rates firm

TECHNICAL FACTORS led to a sharp rise in Frankfurt call money yesterday, at the same time that the D-Mark was proving increasingly popular on the foreign exchanges.

Call money rose to the Bundesbank's 8 per cent Lombard emergency financing rate, from 7.50 per cent on Friday, as banks bid for funds to meet end of month reserve requirements and end of year book squaring. Bank held relatively small reserves over the four-day Christmas period. Demand for funds was increased by money draining from the market to meet tax payments.

The Bundesbank's attitude to the rise in domestic interest rates, at a time when the D-Mark is becoming ominously strong, is unlikely to be made clear this week. The next obvious opportunity for the central bank to indicate its view is not until next week's securities repurchase agreement tender.

UK clearing bank base lending rate 15 per cent from October 5

In London interest rates were little changed, in very quiet post-Christmas trading, with three-month interbank quoted at 15⅛-15⅛ per cent, against 15¼-15 per cent on Friday.

The Bank of England initially forecast a large money market credit shortage of £850m, but revised this to £900m at noon and to £950m in the afternoon. Total help of £879m was provided.

An early round of assistance was offered and at that time the authorities purchased £663m bills outright, by way of £31m bank bills in band 1 at 14⅞ per cent; £2m Treasury bills in band 2 at 14¾ per cent; and £647m bank bills in band 2 at 14¾ per cent.

There was no further help before lunch, but in the afternoon the Bank of England bought another £151m bank bills in band 2 at 14¾ per cent. Late assistance of around £45m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £568m, with the unwinding of a bill repurchase agreement absorbing £1,254m. These factors outweighed Exchequer transactions adding £240m to liquidity, a fall in the note circulation of £490m, and bank balances above target of £250m.

In Brussels the Belgian National Bank raised the important three-month Treasury certificate rate by 0.10 per cent to 10.25 per cent. Rates on one-month and two-month Treasury bills were increased by 0.20 per cent to 10.25 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.27) 3 months US dollars		6 months US Dollars	
bid 8⅞	offer 8⅞	bid 8¼	offer 8⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10½	One month	6.83	Three year	7.93
Broker loan rate	9½	Two month	7.68	Four year	7.88
Fed.funds	9⅛	Three month	8.05	Five year	7.90
Fed.funds at intervention	9⅛	Six month	8.01	Seven year	7.99
		One year	7.82	10-year	7.93
		Two year	7.88	30-year	7.98

Dec.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.90-8.10	7.90-8.05	7.90-8.05	7.90-8.05	8.00-8.20	8.00
Paris	11-11⅛	11-11⅛	-	11⅛-11⅛	-	9.50
Zurich	7⅝-7⅞	8⅞-9⅛	-	8⅞-8⅞	-	-
Amsterdam	8.40-8.50	8.55-8.65	-	8.55-8.65	-	-
Tokyo	6⅞-6⅞	6⅞-6⅞	-	6⅞-6⅞	-	-
Milan	12⅞-12¼	13-13⅞	-	12⅞-13⅛	-	-
Brussels	5.20	10⅛-10⅛	-	10⅛-10⅛	-	-
Dublin	11⅛-11⅞	11⅞-11⅞	11⅞-12	11⅞-12⅛	12⅛-12¼	-

LONDON MONEY RATES

Dec 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	15⅛	15⅛	15⅛	15⅛	14⅝
Interbank Bid	14⅝	14⅞	15	15	14⅞	14½
Sterling CDs	-	-	15⅛	15⅛	14⅞	14⅞
Local Authority Deps.	15	15	15⅛	15⅛	14⅞	14½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15¼	15	14⅞	14⅝	-	-
Company Deposits	-	-	15⅛	15⅛	15	14⅝
Finance House Deposits	-	-	15⅛	15⅛	14⅞	14½
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	13⅞	-
Fine Trade Bills (Buy)	-	-	15⅞	15⅛	14⅞	-
Dollar CDs	-	-	8.85	8.50	8.30	8.20
SDR Linked Dep. Offer	-	-	9¼	9⅛	9⅛	8⅞
SDR Linked Dep. Bid	-	-	8⅞	8⅞	8⅞	8⅞
ECU Linked Dep. Offer	-	-	11⅛	11⅛	11⅛	11¼
ECU Linked Dep. Bid	-	-	11⅛	11⅛	11¼	11⅛

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell); one-month 14⅞ per cent; three months 14½ per cent; Treasury Bills; Average tender rate of discount 14.4838 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30 ,1989 . Agreed rates for period December,26 1989 to January,23 , 1990, Scheme I: 15.87 p.c., Schemes II & III: 16.43 p.c. Reference rate for period Nov.1,1989 to November,30 , 1989, Scheme IV&V: 15.148 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from December 1 , 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

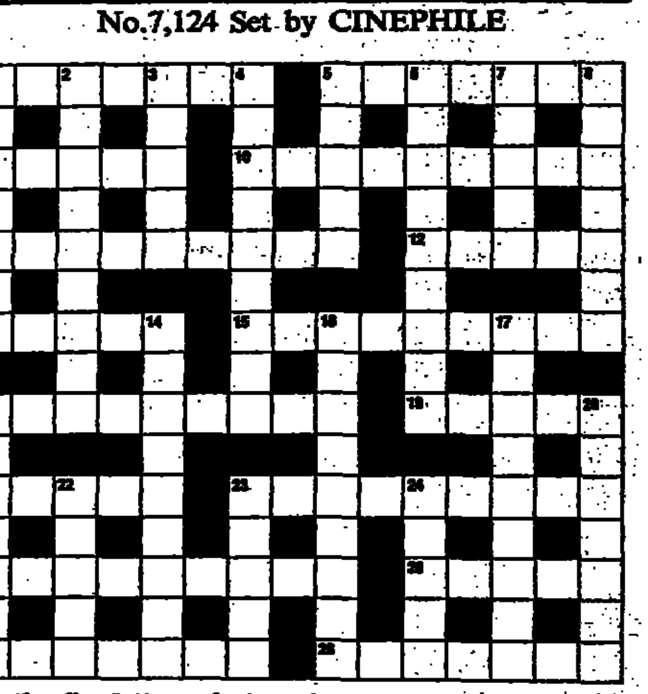
BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
Associates Cap Corp	14	Duncan Lawrie	15	Roxburghe G'rantee	15½
Authority Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16	Standard Chartered	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	TSB	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	United Bk of Kuwait	15
Bank of Cyprus	15	Girobank	15	United Mizrahi Bank	15
Bank of Ireland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of India	15	HFC Bank plc	15	Western Trust	15
Bank of Scotland	15	● Hambros Bank	15	Westpac Bank Corp.	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Beneficial Bank PLC	15	● Hill Samuel	§15		
Brit Bk of Mid East	15	C. Hoare & Co.	15		
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		
		NatWestminster	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Savewise 8.5%. Top Tier-£10,000+ instant access 12.8% ‡ Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

CROSSWORD

No.7,124 Set by CINEPHILE



All the five-letter solutions form an endless chain (in which 5 down occurs twice), namely 5d - 19 - 24 - 21 - 12 - 5d - 13 - 3 - 23d - 26 - (5d, etc). Another route from 21 to 5d is 21 - 7 - 9 - 22 - 5d. Indications such as "3 See 13" have been omitted to save space. An example of an endless chain is BOX - KITE - FLYING - BOAT - RACE - HORSE - (BOX, etc).

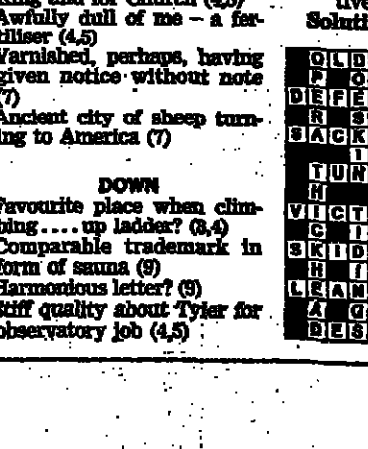
ACROSS

1 Deal with moving vehicles (7)
5 A man to save? (7)
10 Pain, different in age, taking in singular range (9)
11 Shoot out in book - very tasty (5)
13, 3 Help Ford (US), otherwise it may leave a scar (5,5)
15 Hors d'oeuvre is eaten by a quiet boy (9)
18 Splash pancake mix about especially when it's short? (9)
19, 24 Proffers discursively (5,5)
21, 12 Movement that's offside in Britain (5,5)
23 All hands fight back for King and for Church (4,5)
25 Awfully dull of me - a fertiliser (4,5)
27 Varnished, perhaps, having given notice without note (7)
28 Ancient city of sheep turning to America (7)

DOWN

1 Favourite place when climbing ... up ladder? (3,4)
2 Comparable trademark in form of sauna (9)
4 Harmonious letter? (9)
6 Stiff quality about Tyler for observatory job (4,5)
7, 9 Fish river to support steel framework (5,5)
8 Portray the French king as a slow speaker (7)
14 Provide rows for under five hundred vessels he draws across the ocean (9)
16 Bird, separate on higher ground (9)
17 Our missal is used in sunny spots (9)
18 Taking person with a sticker for unfinished look (7)
20 Desperate appeal without profound uplift for measurers of velocity (7)
22, 5 down Detention centre vulnerable to stones (10)
23, 26 Coiled about wapiti-tively? (5,5)

Solution to Puzzle No.7,123



JOTTER PAD

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — ITALY (continued) — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — SINGAPORE

[illegible]

CANADA

TORONTO
Closing prices December 22

[illegible]

MONTREAL
Closing prices December 22

[illegible]

Total Sales 5,320,363 shares.

INDICES

NEW YORK

DOW JONES	Dec 26	Dec 22	Dec 21	Dec 20	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2709.26	2711.39	2691.13	2687.93	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.08	93.43	93.42	93.48	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1167.85	1158.78	1143.67	1136.74	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	234.09	234.53	233.40	233.84	235.98 (15/12)	181.84 (24/2)	235.98 (15/12/89)	10.50 (8/4/32)

♦Day's High 2728.88 (2721.20) Low 2694.75 (2682.59)

STANDARD AND POOR'S

	Dec 26	Dec 22	Dec 21	Dec 20	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	346.81	347.42	344.78	342.84	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	395.65	396.35	393.82	391.86	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	30.54	30.49	30.27	29.90	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	191.72	191.95	190.50	189.54	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	370.80	370.84	369.55	368.18	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	445.75	444.57	441.09	436.94	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 15	Dec 8	Dec 1	year ago (approx.)
Dow Industrial Div. Yield	3.89	3.90	3.87	3.73

	Dec 20	Dec 13	Dec 6	year ago (approx.)
S & P Industrial div. yield	2.90	2.90	2.92	3.19
S & P Indl. P/E ratio	14.51	14.92	14.82	12.86

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Bank New York	2,220,400	7⅞	+ ⅛
Beverly Ent.	1,518,100	6⅛	+ ⅜
Exxon	948,500	50⅛	− ½
Cons Edison	874,500	35⅛	− ⅜
Philip Morris	782,500	40	− ⅛
Sears Roebuck	761,800	37⅞	+ ⅝
Brit Telecom	726,300	50¼	+ ⅜
LA Gear	719,400	33¼	+ 2
Eastman Kodak	716,100	40½	− ⅛
Germany Fd.	691,400	14⅞	+ 1⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 26	Dec 22	Dec 21
New York	77.610	120.980	176.643
Amex	7,850	11.042	13.491
NASDAQ	(u)	110.231	164.284
Issues Traded	1,920	1,929	2,008
Rises	695	999	926
Falls	675	475	619
Unchanged	550	455	463
New Highs	42	54	42
New Lows	42	33	69

CANADA

TORONTO	Dec 22	Dec 21	Dec 20	Dec 19	1989 HIGH	1989 LOW
Metals & Minerals	3326.26	3327.91	3312.33	3303.59	3919.2 (1/9)	3207.5 (3/1)
Composite	3937.19	3942.08	3920.15	3915.80	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2007.19	2008.54	1997.05	1995.03	2069.68(10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 27	Dec. 26	Dec. 22	Dec. 21	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1651.8	(c)	1645.4	1639.6	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	842.1	(c)	839.2	835.5	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	473.55	(c)	466.59	460.48	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6454.90	(c)	6441.39	6400.32	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	359.33	(c)	358.27	356.97	360.93 (6/12)	275.49 (27/2)
FINLAND						
Unitas General (1975)	622.0	(c)	628.6	625.9	815.8 (18/4)	580.8 (23/11)
FRANCE						
CAC General (31/12/82)	548.8	550.4	548.5	547.3	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	127.7	127.8	128.0	127.0	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	724.26	(c)	705.97	702.34	705.97 (22/12)	535.78 (27/2)
Commerzbank (1/12/53)	2139.3	(c)	2085.0	2073.4	2085.0 (22/12)	1595.7 (27/2)
DAX (30/12/87)	1771.44	(c)	1696.38	1676.47	1771.44 (27/12)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2929.25	(c)	2921.02	2867.69	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	(c)	(c)	1748.60	1746.43	1848.95 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	682.99	(c)	683.28	683.43	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	38801.63	38681.31	38040.37	38215.48	38801.63 (27/12)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2867.97	2866.95	2810.74	2826.76	2884.80 (18/12)	2366.91 (6/1)
2nd Section (4/1/68)	3881.84	3836.92	3823.73	3837.67	3881.84 (27/12)	2774.38 (27/3)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	263.3	(c)	260.8	(u)	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	202.0	(c)	200.1	(u)	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	674.17	(c)	671.38	669.57	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1115.22	1131.85	1074.96	1048.68	1396.26 (20/11)	804.62 (6/3)
SINGAPORE						
Straits Times Ind. (30/12/66)	1483.40	1487.76	1484.57	1472.44	1487.76 (26/12)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	2066.08	(c)	2104.0	2107.0	2254.0 (12/12)	1291.0 (15/3)
JSE Industrial (28/9/78)	2753.08	(c)	2750.0	2748.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	909.72	936.30	932.66	1007.80 (3/4)	844.75 (11/12)
SPAIN						
Madrid SE (30/12/85)	296.77	296.88	298.11	296.47	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4190.5	(c)	4149.1	4146.7	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	757.7	(c)	754.8	756.7	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	9345.06	9145.38	8667.74	8516.11	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	861.84	850.21	842.54	837.22	861.84 (27/12)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	562.9	557.4	554.3	562.9 (26/12)	487.6 (13/6)

**Saturday Dec. 23: Taiwan Weighted Price: 8875.70 Korea Comp Ex. 932.99.
**Monday Dec. 25: Japan Nikkei 38423.62. Tokyo SE 2847.30. 2nd Section 3822.43.
& Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday December 27 1989

	Stocks Traded	Closing Prices	Change on day
Sumitomo Mt I	48.9m	869	+25
Marubeni	44.7m	1,100	+50
Amada	14.5m	2,190	0
Isuzu	13.3m	1,150	-60
Maruetsu	12.5m	3,200	+130
Nippon Steel	11.9m	795	0
Sanyo Electric	11.7m	954	+6
Nippon Mining	11.6m	1,140	0
Kobe Steel	11.6m	805	[illegible]
Sharp	10.6m	1,530	-30

2pm prices December 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A—A—A —								
37½	24	AAR	.48	1.4	21	134	35	34⅞	34⅞	+ ½
9⅞	8½	ACM n	1.01	11.		119	9⅛	9⅛	9⅛	− ⅛
11⅝	10¼	ACMIn	1.25	12.		216	10⅞	10¾	10⅞	+ ⅛
9⅞	8	ACM M	n1.01	12.		188	8⅞	8⅝	8⅝	− ⅛
11½	10	ACM Sc	1.25	12.		583	11	10⅞	10⅞	
9⅝	8⅛	ACMSp	1.01	11.		492	9⅛	8⅞	9⅛	+ ⅛
19	11½	AL Lab	.16	.9	18	20	17¾	17½	17⅝	+ ⅛
4⅛	3⅛	AMCA	.12e	3.2	9	25	3⅞	3⅝	3⅞	+ ⅛
6⅛	4	AM Intl			9	564	4⅛	4	4⅛	+ ⅛
23½	16⅝	AM In pf	2	12.		150	17¼	17	17⅛	
107¼	51⅝	AMR			7	3830	59⅝	58¾	58¾	− ¾
6½	3¼	ARX				128	3⅜	d 3¼	3¼	− ⅛
69¼	37⅛	ASA	3e	5.4		734	56⅞	55	55¼	−1
30½	18¼	AVX	.24	.8	30	1615	u30⅞	30⅛	30½	+ ⅛
70⅝	49¼	AbtLab	1.40	2.1	18	2754	67⅞	67⅛	67½	+ ¼
18¼	11⅝	Abitibi	g .50			44	11¾	11⅝	11⅝	− ⅛
13	8½	AcmeC	.40	3.8	14	29	10¾	10⅝	10⅝	− ¼
9¾	6	AcmeE	.32	3.6	12	8	9	8⅞	8⅞	
38½	22	Acuson			21	480	31¾	31⅝	31⅝	+ ⅛
15⅜	12⅞	AdaEx	2.05e	13.		106	15⅝	15½	15⅝	+ ⅛
14⅛	8½	Adobe				758	u15⅛	14⅝	14¾	+ ⅝
[illegible]										

Continued on Page 27

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NYSE COMPOSITE PRICES

Continued from previous Page

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– X–Y–Z –								
69	54¾	Xerox	3	5.3	15	690	57½	56¾	57⅛	+ ¼
44⅛	23¾	XTRA	.72	2.9	20	67	25⅛	24⅞	24⅞	– ⅜
4⅛	2	Zapata				237	3⅛	3⅛	3⅛	
13¼	7⅞	Zemex	.20	2.4		19	8⅜	8⅜	8½	+ ⅛
21½	11½	ZenithE				652	12⅞	12⅝	12⅝	
21½	16¾	ZenNtl	.84	4.7	8	38	18	18	18	
10	6¾	Zenix	1.20	17.		177	7	6⅞	6⅞	– ⅛
18½	13⅞	Zero s	.40	2.8	14	445	14⅞	14½	14½	
44⅛	25¾	Zurn In	.76	1.9	19	328	39¾	38½	39⅛	+1⅛
12⅝	10	Zweig	1.12e	9.1		152	12⅛	12⅛	12⅛	+ ⅛
9⅞	8¾	ZweigTl	.96	9.8		324	9⅞	9¾	9¾	– ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 *percent or more has been paid, the year's high-only range and* dividend are shown for the *new* stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices December 27

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
		– I–I –					
ICH		11	287	5⅞	5⅛	5¼	+ ⅛
ISS	.24	16	10	9	8⅞	9	+ ⅛
ImpOil	g1.80		118	u55⅜	54⅝	55⅜	+ ¾
InstSy		11	190	1⅞	1⅝	1⅞	
IntgSy		1	185	2⅞	2¾	2¾	
IntCty g	.72		8	20	20	20	
Pitway	1.80	15	4	110	109¼	110	+1¼
PlyGem	.12	11	481	11⅛	11	11	
Prezd B		194	11	7⅞	7⅞	7⅞	
Prezd A	.10		19	8⅞	8¾	8¾	– ⅛
ProCm s			1661	5⅞	4½	5¼	+ ⅞
Prism		18	3	3½	3½	3½	
ProfCre		11	8	5⅞	5½	5½	– ⅛
WAmBc	.40	20	8	23½			
WDigitl		13	655	8⅛			
WIRET	1.40	17	94	18⅛			
Worthn		14	10	11¼			

NASDAQ NATIONAL MARKET

2pm prices December 27

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FINANCIAL TIMES
Thursday December 28 1989

AMERICA

Bond rally supports Dow in thin turnover

Wall Street

A RECOVERY in the bond market helped push stock prices higher in thin trading on Wall Street, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was up 15.57 at 2,724.83. Volume on the New York Stock Exchange was light at less than 90m shares, with advances leading declines by a ratio of eight to five.

Most other leading market indices registered gains yesterday afternoon.

At 1.30 pm, the Standard & Poor's 500 was up 1.94 points at 348.75, the New York Stock Exchange Composite had advanced 0.93 to 192.65 and the American Exchange Composite rose 0.93 to 371.05.

The stock market rally was attributed partly to the recovery in the debt market, where the treasury's benchmark 30-year bond rose ¾ point after falling by 1¼ points the previous day.

Closed-end single country funds showed the sharpest gains, as optimism about the political changes in Eastern Europe filtered through to the stock market. Japanese investors were said to be behind much of the buying of the European country funds, which invest in foreign stock markets.

The Germany Fund added $1⅛ to $16⅜ amid a belief that Germany will play a significant part in developing Eastern Europe.

Helvetia Fund improved by $1⅛ to $14⅝, Spain Fund was up $1⅝ to $27⅞ and Austria Fund added $1⅛ to $16⅝.

Among other featured stocks, Hilton Hotels dropped $7⅛ to $87⅜ after a delayed opening.

JMB Realty Corp has offered about $90 a share for the company, substantially below the $120 a share that some analysts had expected. There was speculation that Mr Barron Hilton, chairman and chief executive, might take the hotel chain off the block.

The Bank of New England more than recovered its previous day's losses of $¼, rising $⅜ to $8. Shares in the institution had lost ground in extremely active trading after it had suspended its dividend on Friday. Mr Walter Connolly said he would resign as chief executive of the bank.

Walt Disney slid $5⅝ to $108⅝ in heavy trading after naming a new chief financial officer.

Imperial Corp of America plunged $⅛ to $1 after the company named an interim president and chief executive.

Retailers continued to profit from reports on Tuesday that Christmas sales receipts had risen by between 4 and 5 per cent over the previous year. Sears added $⅝ to $37⅞, May Department Stores gained $1⅛ to $48⅛, Woolworth improved $⅝ to $63⅞ and Wal-Mart was up $⅛ to $43⅞.

Shares in a number of speciality stores also advanced, including the Gap, up $⅛ at $57⅛, and Limited Inc, which added $⅝ to $34⅛.

Exxon gained $⅜ to $50⅝, recouping its loss of $⅛ on Tuesday on news of an explosion at its Baton Rouge refinery on Sunday. The company said yesterday that it had expected to meet contract volumes in heating oil for all of its customers to the first week of January in spite of the refinery shutdown.

An encouraging analyst's report helped shares in Telco Systems rise $1⅛ to $11⅞ in active over-the-counter trading.

Several blue chip issues posted gains. Philip Morris added $⅛ to $40⅝ in heavy trading, Coca-Cola gained $1 to $76⅞, IBM advanced $⅝ to $95⅝ and General Motors improved by $⅛ to $42⅞.

Canada

EARLY GAINS in Toronto evaporated by midsession, leaving stocks little changed. Trading was quiet in the absence of many institutional investors. The composite index was up 0.7 at 3,937.8 on volume of 13m shares.

Campeau lost 55 cents to C$3.70. Citibank has warned Campeau's department stores that it could force early repayment of loans unless they can prove their solvency within 10 days.

SOUTH AFRICA

GOLD STOCKS and other mining issues weakened in quiet trading in Johannesburg. A sharp gain in the financial rand kept buyers away.

EUROPE

Eager Japanese buyers help Frankfurt soar

FUNDS poured into German equities yesterday, keeping activity at a hectic pace and riveting investors' attention during the traditionally quiet Christmas season, *writes Our Markets Staff.*

FRANKFURT surged 4 per cent as foreign investors, particularly from Japan, took delight in an end-of-year share-hunt. The main motives, once again, were companies' prospects in East Germany and elsewhere in Eastern Europe, and confidence about the West German economy.

The DAX index jumped 75.06, or 4.4 per cent, to a record 1,771.44, closing at its day's high. The FAZ index, which is calculated at midsession, gained 18.29, or 2.6 per cent, to a year's peak of 724.26, only 27 points below its all-time high. Turnover was very high at DM9.6bn, up from Friday's DM6bn.

Some observers were worried about the speed of the rally, anticipating a rapid correction, but one analyst said the pattern of the next few days' trading would depend on the Japanese.

"If they want to increase their exposure to Europe by the year-end, then there could be more buying," she said.

The sectors that have performed well since the breaching of the Berlin Wall – industrial, financial, engineering and retailing – continued to attract demand, but interest also spread to chemical stocks, which have underperformed the market recently.

Among the most active stocks, Daimler, the country's largest industrial, surged by DM59, or 7.9 per cent, to DM805; Deutsche Bank gained DM51.50, or 6.7 per cent, to DM823, after attracting strong demand in Tokyo trading; Siemens, the telecommunications group, advanced DM40, or 5.9 per cent, to DM718; and BMW also rose 5.9 per cent, closing at DM558, up DM31.

Mannesmann, still in favour after winning the licence for a mobile phone network in West Germany, shot up DM37, or 10 per cent, to DM380.

Stocks with gains of more than 5 per cent in the chemical sector included those of the big three companies: Bayer rose DM21.80, or 7.5 per cent, to close at DM311, BASF added DM15 to DM301 and Hoechst picked up DM14 to DM287.

There were some losers: Deutsche Babcock retreated DM25.50, or 9.7 per cent, to DM237.50 after a newspaper report that the engineering group would omit a 1988/89 dividend on ordinary voting shares and cut that on preference shares to DM3 from DM5.50. Porsche, which relies heavily on exports to the US, followed the dollar lower, losing DM15 to DM850.

AMSTERDAM was helped higher by the Eastern Europe effect that caused such a surge in Germany, and shares gained more than 1 per cent. The CBS tendency index was up 2.3 at 184.9 in subdued turnover worth Fl 510m.

VMF-Stork, the machinery maker, rose Fl 1.50 to Fl 44.40 on expectations that the company would benefit from the reconstruction of East Germany. Computer stock Van Ommeren Ceteco continued to recover ground after its better than expected year-end statement, rising Fl 2.50 to Fl 34.60; that compares with a year's high of Fl 51.10.

MADRID finished little changed in quiet trading, in spite of developments of potential importance to the market.

Trading in Torras Hostench, the paper and investment group, was suspended for news that the Kuwaiti Investment Office was bidding for the remaining 60 per cent of the company that it does not own. Given that Torras is capitalised at Pta150bn, said one analyst, a full takeover would release substantial liquidity on to the market.

Catalana de Gas rose 50 points to 5,000 per cent of par amid press reports of a possible merger with Aguas de Barcelona. The general index edged down 0.11 to 296.77.

MILAN closed mixed after trimming early losses in thin trading, with publishing group Mondadori seizing the limelight by rising 15 per cent. The Comit index eased 0.29 to 682.99.

Mondadori, which is the focus of a battle for control between entrepreneurs Mr Carlo De Benedetti and Mr Silvio Berlusconi, saw its ordinary shares gain L6,050 to L46,000; its savings shares added L1,000 to L23,000. A court ruling at the weekend has left the battle wide open, analysts say.

PARIS had another quiet day, with turnover estimated at FFr1.5bn. Shares picked up after Wall Street opened firmly, but the rise happened in a vacuum, said one analyst. The OMF 50 index was up 1.99 at 543.50 and the CAC 40 rose 8.17 to 1,985.66.

Avions Dassault enjoyed a FFr55 surge to FFr615 on confirmation of FFr4.9bn worth of contracts from the French navy. Some 3,200 shares changed hands, compared with 2,000 or less on a normal day.

Among strong blue chips, LVMH rose FFr70 to FFr5,400 and Peugeot FFr14 to FFr831.

ZURICH saw some buying interest emerge at the end of a quiet day, in response to Frankfurt's strong performance. Early trading had been depressed by the high level of domestic interest rates. The most active shares were West German companies listed in Zurich and the Crédit Suisse index edged up 0.9 to 612.6.

STOCKHOLM benefited from gains in London and Frankfurt and from buying by investment funds keen to increase the value of their portfolios by the end of the year. The Affärsvärlden General index rose 9.9 to 1,231.6.

Free B shares of Astra, the pharmaceutical group, rose SKr28 to SKr605 as recent buying by holding company Patricia roused interest.

Weights on Wall Street's ankles fail to hold it back

Janet Bush on a prosperous, and instructive, year

AT 27 years of age, Ron seems young for such an enormous talent that covers a wide spectrum of styles. . ."

This comes from a book sent by Salomon Brothers to its friends in the Wall Street press as a Christmas gift. Is Ron a rising star in the asset-backed securities division?

"His contemporary work betrays a strong Oriental influence. . ." Ah, he must be in Japanese warrants.

". . . Otherwise everything he creates is soft and natural, breezy and airy." Oh, perhaps he's not a trader after all.

"He uses a lot of 'sticks': wing-tip elm, white birch, grapevines, blossoming fruit trees, forsythia and quince. The list is endless; and when combined with home-grown roses and Holland imports, the effect is startlingly exquisite." I don't know, is it some new kind of hybrid product?

Actually, Ron is a florist in Biloxi, Mississippi, and features in a lovely book called Fine Flowers by Phone – An Essential Guide for Sending Flowers Long-Distance. Is this evidence of a kinder, gentler Salomon Brothers, or does it mean that things have got a little bizarre?

It has been a strange year. The stock market has levitated regardless of the weights tied to its ankles. Many investors will come out of 1989 considerably richer, but Wall Street is looking to the next decade in disarray, and risk arbitrageurs have been humbled.

Although stocks have made rather heavy weather of it in the last two months of the year, the Standard & Poor's has still offered investors a remarkable return this year. As of Tuesday night, the S&P 500 stood 24.9 per cent higher.

As the evidence accumulated that the economy was grinding to a halt after the longest period of post-war economic expansion and that corporate profitability was well past its peak, the broad market just went on rising.

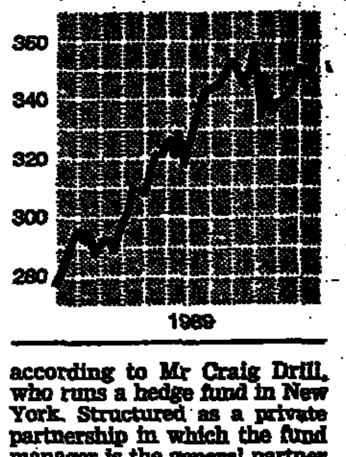
October 13, when the Dow Jones Industrial Average plunged 190 points in 45 minutes, far from reinforcing caution, simply bolstered investors' confidence. Within a week of the plunge, the Dow had recouped 120 points of the fall and stocks that were rumoured to be takeover candidates saw another burst of speculative demand. It was almost an act of defiance by the investment community.

Investors may not like their brokers' cold calling techniques or stock index arbitrage but, having survived the big Crash of October 1987, they were blasé about a little drop of 190 points.

For most of the year, the equity market was good not only for those investing for value, but also for speculators,

Standard & Poor's

Composite index



according to Mr Craig Drill, who runs a hedge fund in New York. Structured as a private partnership in which the fund manager is the general partner and is paid on performance, his fund was up 73 per cent, net of all fees, in mid-December.

"Earnings won in 1989. If profits came out better than expected, the stocks duly went up," he says. "People who took the lottery ticket approach and gambled on takeovers and leveraged buy-outs also won – at least until October 13."

The mini-crash was clearly most devastating for "arbs," many of whom had built up substantial positions in the shares of UAL, the parent company of United Airlines.

Mr Jack Nadditch, a risk arbitrageur, says: "It has been scary. A lot of people lost their whole year on October 13."

He says that arbs are much more cautious now and, in spite of the emergence of old-fashioned deals – taking up some of the slack left by leveraged buy-outs – there is not the same volume of deals in which to speculate.

The mini-crash itself was not as important, in the long-term, as the event which triggered it – the collapse of the financing for the proposed buy-out of UAL. This was the first time that international banks, under some pressure from bank regulators from Tokyo to Washington, baulked at lending for a highly leveraged transaction.

The junk bond market was already under water in September, as the deepening troubles of Mr Robert Campeau's debt-laden real estate burst on to the collective consciousness. But the UAL debacle marked a symbolic end to an era of industrial arbitrage financed by high-yield securities which provided such rich pickings for investors specialising in takeover issues.

Clearly, the stock market will not be able to rely so heavily on takeovers in 1990. With the economy slowing to a snail's pace, there will be fewer pleasant surprises on the corporate earnings front as well.

Mr Laszlo Birinyi, formerly chief equity strategist at Salomon Brothers but now running his own consultancy, says the performance of the stock market in 1989 has been extraordinary, given the gloomy mood at the beginning of the year.

Nevertheless, a rampant optimism among analysts and gurus as the year draws to a close worries him. He believes that the stock market will be hard pressed to offer a total return of 10 per cent.

However, there is some comfort to be taken from the fact that some of the most dangerous areas of the US economy were exposed in 1989; much of the speculative excess has been squeezed out of the real estate sector, the thrift industry and leveraged buy-outs.

Policy-makers were able to formulate a response to the accumulated excesses of speculation and debt against a comparatively luxurious background of a slowly expanding economy. Their job would be much more difficult in the grips of what could still be a recession in 1990.

ASIA PACIFIC

Arbitrage trading contributes to further high

Tokyo

THE YEN'S buoyancy helped Japanese equities yesterday, but the record achieved by the Nikkei average owed much to arbitrage with the futures market, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei climbed in early trading, reaching a day's high of 38,884.29. It later fell to a low of 38,708.96 before closing up 120.32, at a record 38,801.63.

Widespread buying on the first day of trading for settlement in the new year meant that advances led declines by 535 to 395, while 210 issues were unchanged. Turnover rose to 930m shares from Tuesday's 653m. The broad-based Topix index gained 1.02 to 2,867.97, while the ISE/Nikkei 50 index in London added 0.50 to 2,151.77.

Growing certainty that the US was pursuing an easier monetary policy helped both the yen and market sentiment, while expectations of higher prices ahead supported the Nikkei futures contract.

However, the market has been running out of ideas towards the end of the year, while arbitrage trading has made it difficult for investors *who depend on active trading* to make satisfactory profits, said Mr Masami Okuma at UBS Phillips & Drew.

The lack of themes forced attention to the foreign sector, where German issues are enjoying the limelight. There is great enthusiasm for East-West trade, centring on stronger ties between the two Germanys; *Deutsche Bank was the biggest* trade of the day, attracting Y35bn worth of buy orders from a total value for one-way trade of Y63bn, according to Nomura Securities. It gained Y2,100 to Y66,800.

Over-the-counter stocks, as well as shares in the Tokyo market's first section, rose on their earnings prospects. Amada, which makes metal-working machines, reached a day's high of Y2,210 before closing steady at Y2,190 on the third most active trading of 14.5m shares. It was bought because of moves to automate factory equipment and because of expectations that a relaxation of Cocom rules on exports to communist countries would stimulate business with eastern Europe.

High-technology issues, *which have been lagging* recently, found fresh demand. Sony and Pioneer rose Y180 to Y8,780 and Y100 to Y6,190 respectively.

Sumitomo Metal Industries topped the volumes list with 49.9m shares traded, gaining Y26 to Y869 on expectations that Soviet plans for a gas pipeline would increase orders *for its seamless pipes.* Marubeni, the trading house which has experience of communist countries, was second with 44.7m shares, rising Y50 to Y1,100.

Special situations and high-priced issues drove the OSE average in Osaka up 315.66 to 39,247.30. Volume rose to 130m shares from Tuesday's 98m.

Roundup

THERE WERE modest gains in Australia and Hong Kong, and Taiwan had another strong day, but Singapore fell back.

AUSTRALIA returned from holiday to gain a little ground as optimism about a cut in interest rates continued to dominate the mood. The All Ordinaries index rose 6.4 to 1,651.8 in very slow trading of *41m shares worth A$83m.*

HONG KONG started strongly but then hit profit-taking, leaving the Hang Seng index 8.23 higher at 2,929.25. Volume was HK$781m, down from Friday's HK$941m. Hong Kong Telecommunications rose 20 cents to HK$5.60.

TAIWAN gained further ground, the weighted index *climbing 199.68 to 9,345.06 in* active trading.

SINGAPORE was affected by local profit-taking, the Straits Times industrial index shedding 4.36 to 1,483.40. Volume remained active at 98m shares, although below Tuesday's 129m.

● The Stock Exchange of Singapore said it would introduce a new set of indices on January 2, following the delisting of Malaysian companies from the local exchange, *Reuter reports.*

The SES All-Industrial index will be replaced by the SES All-Singapore index, covering all 136 Singapore-incorporated companies. Other sector indices will also be replaced.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood *Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS	TUESDAY DECEMBER 26 1989						FRIDAY DECEMBER 22 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	151.15	+0.5	137.86	127.08	+0.0	5.35	150.45	137.60	127.08	160.41	128.28	144.93
Austria (19)	170.92	+0.0	155.89	152.40	+0.0	1.60	170.92	156.32	152.40	172.22	92.84	96.25
Belgium (63)	153.80	+0.6	140.28	135.21	+0.0	4.11	152.94	139.88	135.21	153.80	125.58	134.55
Canada (120)	150.95	+0.0	137.68	126.68	+0.0	3.17	150.95	138.06	126.68	154.17	124.67	124.42
Denmark (36)	235.46	+0.3	214.76	212.53	+0.0	1.48	234.71	214.67	212.53	237.06	165.35	165.02
Finland (26)	*133.96*	*+0.0*	*122.18*	*114.08*	*+0.0*	*2.47*	*133.96*	*122.52*	*114.08*	*159.18*	*118.63*	*128.96*
France (126)	154.17	+0.4	140.62	140.31	−0.3	2.66	153.57	140.46	140.68	154.17	112.57	113.32
West Germany (96)	117.36	+0.5	107.04	103.66	+0.0	2.03	116.74	106.77	103.66	117.36	79.56	88.54
Hong Kong (48)	120.76	+0.0	110.14	121.05	+0.0	4.71	120.82	110.50	121.05	140.33	86.41	110.00
Ireland (17)	177.99	−0.2	162.34	163.07	+0.0	2.57	178.26	163.05	163.07	179.42	125.00	130.36
Italy (97)	97.39	+0.5	88.83	92.53	+0.0	2.48	96.89	88.62	92.53	97.39	74.97	84.98
Japan (455)	199.28	+2.7	181.76	178.96	+2.1	0.45	194.12	177.55	175.29	200.11	164.22	191.18
Malaysia (36)	*229.13*	*+0.2*	*208.99*	*238.09*	*+0.2*	*2.22*	*228.72*	*209.19*	*237.57*	*229.13*	*143.35*	*143.62*
Mexico (13)	323.12	+0.0	294.71	945.03	+0.0	0.55	323.12	295.53	945.03	326.61	153.32	165.55
Netherland (43)	141.85	+0.8	129.38	123.84	+0.0	4.30	140.69	128.68	123.84	141.85	110.63	112.13
New Zealand (18)	72.00	+0.1	65.67	64.04	+0.0	5.50	71.96	65.81	64.04	88.16	62.64	67.10
Norway (24)	193.48	+0.3	176.47	173.52	+0.0	1.57	192.97	176.49	173.52	198.39	139.92	139.33
Singapore (26)	179.27	+1.3	163.51	156.47	+0.5	1.91	177.04	161.92	155.63	179.27	124.57	124.56
South Africa (60)	194.42	+0.0	177.33	153.66	+0.0	3.68	194.38	177.78	153.66	194.42	115.35	115.90
Spain (43)	162.66	+1.1	148.38	134.95	+0.3	3.69	160.86	147.14	134.49	169.75	143.14	146.18
Sweden (35)	184.77	+0.2	168.52	170.21	+0.0	2.01	184.41	168.66	170.21	188.94	138.45	144.82
Switzerland (62)	92.44	+0.0	84.31	88.78	+0.0	2.01	92.42	84.53	88.78	94.16	67.81	77.19
United Kingdom (303)	156.10	+0.3	142.37	142.37	+0.0	4.36	155.67	142.37	142.37	158.41	133.28	133.36
USA (544)	140.44	−0.2	128.09	140.44	−0.2	3.33	140.66	128.65	140.66	146.29	112.13	112.77
Europe (990)	139.37	+0.4	127.12	125.49	+0.0	3.36	138.80	126.95	125.52	139.37	112.63	113.59
Nordic (121)	181.57	+0.2	165.61	158.79	+0.0	1.79	181.14	165.67	158.79	181.96	137.95	137.97
Pacific Basin (668)	194.42	+2.5	177.32	174.61	+2.0	0.69	189.62	173.43	171.22	194.72	160.44	185.99
Euro – Pacific (1658)	172.53	+1.8	157.38	154.97	+1.3	1.57	169.44	154.97	152.96	172.53	141.56	157.00
North America (664)	140.96	−0.1	128.57	139.57	−0.1	3.32	141.17	129.12	139.78	146.66	112.79	113.39
Europe Ex. UK (687)	127.91	+0.5	116.67	115.17	+0.0	2.69	127.28	116.41	115.20	127.91	96.30	100.95
Pacific Ex. Japan (213)	136.12	+0.3	124.15	120.82	+0.1	4.78	135.65	124.07	120.76	140.05	111.93	124.11
World Ex. US (1851)	172.08	+1.7	156.95	154.24	+1.3	1.64	169.13	154.69	152.32	172.08	141.49	155.46
World Ex. UK (2092)	160.10	+1.2	146.03	150.29	+0.9	1.94	158.14	144.64	148.95	160.10	136.96	139.65
World Ex. So. Af. (2335)	159.51	+1.2	145.49	149.50	+0.8	2.14	157.68	144.21	148.27	159.51	136.67	139.22
World Ex. Japan (1940)	140.92	+0.1	128.53	134.33	−0.1	3.40	140.80	128.78	134.45	140.92	114.51	113.98
The World Index (2395)	159.72	+1.2	145.68	149.52	+0.8	2.16	157.90	144.42	148.30	159.72	136.68	139.07

Latest prices were unavailable for this edition. Markets open 26/12/89: France, Japan, Malaysia, Singapore, Spain and U.S.

Constituent changes 27/12/89: Deletions: Ramada Inc and Combustion Engineering (US).